

**REGULAR MEETING OF THE  
MONTANA BOARD OF INVESTMENTS  
2401 Colonial Drive, 3<sup>rd</sup> Floor  
Helena, Montana  
August 18-19, 2020**

**COMMITTEE MEETINGS**

**A. Audit Committee** **8:30 AM**

1. Public Comment – *Public Comment on issues with Committee Jurisdiction*
2. Approval of June 8, 2020, Committee Meeting Minutes
3. Reference to Checklist
4. Executive Director General Comments
5. Wipfli SOC 1 Type 2 Update
6. FY20 Financial Statements – Update and Comments
7. STIP – Local Participant Letters

**B. Human Resource Committee** **9:45 AM**

1. Public Comment – *Public Comment on issues with Committee Jurisdiction*
2. Executive Director Comments
3. Human Resources Committee Charter Revisions – **Decision**
4. Exempt Employee Salary Adjustments - **Decision**

**C. Loan Committee** **10:45 AM**

1. Public Comment – *Public Comment on issues with Committee Jurisdiction*
2. Approval of June 8, 2020, Committee Meeting Minutes
3. MMFA Master Loan Program/Stand Alone Program Loan Summary – **Decision**
4. INTERCAP Loans, Hardin School District – **Decision**

**Tab 1 CALL TO ORDER – Karl Englund, Chairman** **11:30 AM**

- A. Notice of Video Recording of Meeting
- B. Roll Call
- C. Public Comment – *Public Comment on issues with Board Jurisdiction*
- D. Approval of the June 8-9, 2020, Regular and June 5, June 19, July 29, 2020, Special Board Meetings Minutes – **Decisions**
- E. Administrative Business
  1. Audit Committee Report – **Decision**
  2. Human Resource Committee Report – **Decision**
  3. Loan Committee Report – **Decision**
- F. Comments from TRS and PERS Board Members
- G. Comments from Board Legislative Liaisons

**Tab 2 EXECUTIVE DIRECTOR REPORTS – Dan Villa, Executive Director** **11:45 AM**

- A. Member Requests or Follow up from Prior Meeting
- B. Monthly Snapshot
- C. FY20 Expenditure Report and FY22-23 Budget Proposal – **Decision**
- D. Purchase of Teachers' Retirement System Building – **Decision**

**LUNCH SERVED** **12:00 PM**

**Tab 3 BENCHMARKING ANALYSIS – Mike Heale, CEM Benchmarking** **12:45 PM**

**Tab 4 INVESTMENT CONSULTANT – RVK, INC.** **1:45 PM**

- A. Executive Summary Report
- B. Capital Markets Review
- C. Quarterly Review

**BREAK** **2:45 PM**

<b>Tab 5</b>	<b>NON-CORE FIXED INCOME ASSET CLASS REVIEW – Jason Brent, CFA</b>	<b>Tab 6</b>	<b>3:30 PM</b>
	<b>BOND PROGRAM REPORT – Louise Welsh, Senior Bond Program Officer</b>		<b>4:00 PM</b>
	A. INTERCAP <ul style="list-style-type: none"> <li>1. Activity Report</li> <li>2. Staff Approved Loans Report</li> <li>3. Annual INTERCAP Loan Detail Report</li> </ul>		
<b>Tab 7</b>	<b>MONTANA LOAN PROGRAM REPORT – Doug Hill, Director of In-State Loans</b>		<b>4:15 PM</b>
	A. Commercial and Residential Portfolios Report		
	B. CARES Act Update		
	<b>ADJOURNMENT</b>		<b>5:00 PM</b>

### **WEDNESDAY AGENDA – DAY 2**

	<b>RECONVENE AND CALL TO ORDER – Karl Englund, Chairman</b>	<b>8:30 AM</b>
	A. Notice of Video Recording of Meeting	
	B. Roll Call	
	C. Public Comment – <i>Public Comment on issues with Board Jurisdiction</i>	
<b>Tab 8</b>	<b>New Private Investment Commitments – Michael Nguyen &amp; Thomas Winkler, CAIA</b>	<b>8:45 AM</b>
<b>Tab 9</b>	<b>New Separate Account and STIP IPS – John Romasko, CFA &amp; Kirsten Haswell</b>	<b>9:00 AM</b>
<b>Tab 10</b>	<b>INVESTMENT UPDATE</b>	<b>9:15 AM</b>
	A. CIO Update – <b>Jon Putnam, CFA, CAIA, FRM</b>	
	B. Risk Management – <b>Dan Zarling, CFA, CIPM</b>	
	C. Private Investments – <b>Michael Nguyen</b>	
	D. Real Estate – <b>Ethan Hurley, CAIA</b>	
	E. Natural Resources – <b>Ethan Hurley, CAIA</b>	
	F. Core Fixed Income – <b>John Romasko, CFA</b>	
	G. Non-Core Fixed Income – <b>Rande Muffick, CFA</b>	
	H. Domestic Equity – <b>Rande Muffick, CFA</b>	
	I. International Equity – <b>Rande Muffick, CFA</b>	
	J. STIP – <b>Kirsten Haswell</b>	
	K. State Fund – <b>Jon Putnam, CFA, CAIA, FRM</b>	
	L. Trust Fund Investment Pool – <b>John Romasko, CFA</b>	
	<b>RECAP OF STAFF TO DO LIST AND ADJOURNMENT – Karl Englund, Chairman</b>	<b>10:30 PM</b>
	<b>Appendix</b>	
	A. Annual Board Meeting Schedule	
	B. Systematic Work and Education Plan	
	C. Acronym Index	
	D. Terminology List	

**MONTANA BOARD OF INVESTMENTS  
DEPARTMENT OF COMMERCE  
2401 Colonial Drive, 3<sup>rd</sup> Floor  
Helena, Montana**

**MINUTES OF THE MEETING – June 8-9, 2020**

**BOARD MEMBERS PRESENT:**

Karl Englund, Chair  
Mark Noennig, Vice Chair *via Zoom*  
Terry Cohea  
Jim Edwards  
Diane Fladmo  
Jeff Greenfield  
Bruce Nelson *via Zoom*  
Maggie Peterson  
Jack Prothero

**LEGISLATIVE LIAISONS PRESENT:**

Senator Fred Thomas  
Representative Jim Hamilton *via Zoom*

**STAFF PRESENT:**

Polly Boutin, Associate Financial Manager  
Jason Brent, CFA, CAIA, Investment Officer  
Public Markets  
Dana Chapman, Board Secretary  
Frank Cornwell, CPA  
Associate Financial Manager  
Roberta Diaz, Investment Accountant  
Julie Feldman, CPA, Financial Manager  
Lindsay Ford, Administrative Assistant  
Kelsey Gauthier, CPA, Investment Accountant  
Kirsten Haswell, Investment Analyst  
Samantha Holman, Accounting Intern  
Tim House, Investment Analyst  
Doug Hill, Director of In-State Loan Programs  
Ethan Hurley, CAIA  
Director of Real Estate/Natural Resources  
Teri Kolnik, CFA, Investment Analyst  
Emily Kovarik, CPA, Investment Analyst

Eron Krpan, CFA, CIPM, Investment Analyst  
Peggy MacEwen, Deputy Director  
Savannah Morgan, Bond Program Officer  
Rande Muffick, CFA  
Deputy CIO/Director of Public Market Investments  
Michael Nguyen, Director of Private Equity  
Mike Pettit, Director of Investment Operations  
Jon Putnam, CFA, FRM, CAIA  
Chief Investment Officer  
John Romasko, CFA, Director of Fixed Income  
Rob Samson, Investment Intern  
Linda Sharkey, Network Administrator  
Steve Strong, Investment Analyst  
Dan Villa, Executive Director  
Louise Welsh, Senior Bond Program Officer  
Thomas Winkler, CAIA, Investment Analyst  
Dan Zarling, CFA, CIPM  
Director of Risk Management

**GUESTS:**

Becky Gratsinger, CFA, CEO, Senior Consultant, Principal, RVK, Inc. *via Zoom*  
Jim Voytko, President, Director of Research, Senior Consultant, Principal, RVK, Inc.

**CALL TO ORDER**

Board Chairman Karl Englund called the regular meeting of the Board of Investments (Board) to order at 1:00 p.m. As noted above a quorum of Board Members was present. Chairman Englund advised audio/video recording of the meeting was under way. Chairman Englund asked for public comment on issues with Board jurisdiction. There was none.

## **Approval of Board Meeting Minutes**

Chairman Englund called for approval of the April 14, 2020, Board Meeting Conference Call Minutes and asked if there were any changes or revisions.

Member Maggie Peterson made a motion to approve the April 14, 2020, Board Meeting Minutes. Member Jack Prothero seconded the motion. The motion carried.

Chairman Englund called for approval of the April 17, 2020, Special Board Meeting Conference Call Minutes and asked if there were any changes or revisions.

Member Maggie Peterson made a motion to approve the April 17, 2020, Special Board Meeting Minutes. Member Terry Cohea seconded the motion. The motion carried.

Chairman Englund called for approval of the April 23, 2020, Special Board Meeting Conference Call Minutes and asked if there were any changes or revisions.

Member Jeff Greenfield made a motion to approve the April 23, 2020, Special Board Meeting Minutes. Member Diane Fladmo seconded the motion. The motion carried.

## **ADMINISTRATIVE BUSINESS**

### **Audit Committee Report**

The Audit Committee met prior to the Board meeting. Committee Chair Maggie Peterson reported there were four items before Committee presented by Ms. Julie Feldman. The first item reviewed was the Audit Checklist which included some updates. The Legislative Audit Division (LAD) had their entrance conference on May 27<sup>th</sup> for the FY20/FY21 audit cycle. LAD will present the FY19 Audits to the Legislative Audit Committee at the June 15-16, 2020 meeting.

Wipfli conducted their entrance conference with MBOI staff on April 15<sup>th</sup> and conducted a video walk through with staff the week of June 1<sup>st</sup>.

MBOI staff recently presented the annual year in review to the TRS and MPERA Boards as required by the Audit Checklist.

The COOP Plan (Continuity of Operations Plan) was updated in February 2020. Staff have used the Plan during remote working. Executive Director Dan Villa also provided several memos on continuing operations which were distributed to staff during the several weeks staff was teleworking.

The Governmental Accounting Standards Board (GASB) implementations have been delayed until next fiscal year, although the Department of Administration plans to implement GASB 84 which will have some impacts on BOI.

The Committee reviewed proposed revisions to the Audit Committee Charter. The goal is to align the language and formatting of the three committee charters, HR, Loan and Audit. Most of the revisions are simple and there are no major changes.

The Committee reviewed proposed revisions to two Governance Policy appendices regarding continuity of operations. Appendix I (Resolution 218) designates to the deputy director in case the executive director is incapacitated, followed by the chief investment officer. Appendix L (Resolution 234) adds the new deputy CIO position should the CIO be incapacitated, followed by the executive director.

The last item reviewed by the Committee was the FY20 Financial Statements. There were no changes to the fiscal year end process or to the financial statements.



Committee Chair Peterson made a motion to approve all items presented to the Audit Committee. Member Bruce Nelson seconded the motion. The motion carried.

#### Human Resources (HR) Committee Report

The HR Committee met prior to the Board meeting. Committee Chair Terry Cohea reported Executive Director Villa provided an update on the staff career ladder which makes employment and training clearer. Additionally, the Committee is recommending full Board approval to move Eron Krpan into the existing vacant exempt position.

Committee Chair Cohea made a motion to approve placing Mr. Eron Krpan into the existing exempt position at the salary recommended by Director Villa. Member Maggie Peterson seconded the motion. The motion carried.

Committee Chair Cohea stated the Committee is also recommending approval beginning with the FY 20-21 Budget for BOI to begin handling human resources internally.

Committee Chair Cohea made a motion for approval, Member Maggie Peterson seconded. The motion carried

Committee Chair Cohea stated the Committee is recommending approval of the exempt staff pay raises as presented to the Committee by Director Villa, with the amendments distributed at the meeting.

Committee Chair Cohea made a motion to approve the exempt staff pay raises as amended. Member Diane Fladmo seconded. The motion carried

#### Loan Committee Report

The Loan Committee met prior to the Board meeting. Committee Chair Jack Prothero reported the Committee approved a loan request of \$2.5 million from the City of Scobey for improvements in their water system. The loan does not require full Board approval.

#### Public Employees' Retirement System (PERS) and Teachers' Retirement System (TRS) Updates

Member Jeff Greenfield reported the TRS Board met via Zoom on May 8<sup>th</sup> and will meet again in August. The Board commissioned and received an audit report completed on the actuary. The audit found the actuarial valuation done by Cavanaugh Macdonald to be fair and reasonable. A few items were noted that Cavanaugh Macdonald could improve on and investigate during the next valuation. The audit also looked at the generational valuation and recommended that the valuation should be reviewed. The review of trends and behaviors of TRS retirees differed somewhat from the nationwide data. National individuals in the first five years of eligibility tend to retire quicker than members in Montana – teachers tend to stay on later than 25 years or after reaching 60 years of age.

The TRS Board also received a risk analysis report done by Cavanaugh Macdonald. The report concluded the greatest risk to the system is short term investment volatility. A suggestion from the risk analysis is to use another way of looking at funding that uses a layered amortization method. This would regularly set the amount of funding required to keep the plan funded; the state rate paid by entities would be calculated on an annual basis. The amount would increase or decrease with market performance. Any changes would need to go through the legislature.

The TRS Board has renewed contracts with both tax consultants and Cavanaugh Macdonald and added functionality to the website. TRS has extended the contract to the website developers to implement changes which will make the website faster and easier to use.

Member Maggie Peterson stated there were no new items to report for MPERA.

### Legislative Liaison Comments

Representative Hamilton stated he is a member of the Legislative Finance Pensions & Local Government Budget Subcommittee which discussed the Pew Stress Test Report which was also presented at the SAVA (State Administration and Veterans' Affairs) Committee. The Committee will be creating more questions for both Cavanaugh Macdonald and the Pew Trust. Tentatively, both are expected to attend the August Legislative Finance Committee meeting and answer questions.

Representative Hamilton provided two quick notes on the budget. Interestingly, withholding was at \$5 million between March 1<sup>st</sup> and May 31<sup>st</sup>, which is a significant part of individual income tax and the highest revenue item in the budget. This was surprising – even if you remove the first two weeks of March, we are still in line with withholding. Additionally, for corporate withholding, \$166 million is typical at the end of June; however, that total is already at \$160 million. We are expecting to be above estimates on the corporate income tax side, although it's hard to predict how that will translate to 2020-2021.

Senator Fred Thomas noted he appreciated the budget numbers from Representative Hamilton. The legislature will be looking at revenue very closely. If the situation arises where budget reductions are necessary, it would be best to spread them out over a longer time frame. The situation will be monitored closely as revenues are expected to be down.

## **EXECUTIVE DIRECTOR'S REPORT**

### Overall Comments

Executive Director Dan Villa noted there were no member requests from the prior meeting. The packet includes two monthly snapshots for March 31, 2020, when CAPP assets totaled \$10.73 billion and one month later on April 30, 2020, CAPP totaled \$11.35 billion. This indicates how quickly things can change and is not necessarily indicative of long-term returns.

Director Villa stated the FY20 budget status is also included. Fiscal Year to Date (FYTD) as of April 30, 2020, shows 83.3% of the budget has been expended. Of that, 75% is in personal services. Operation expenses are down significantly, the bulk of which is COVID-19 related travel restrictions. There were some expenditures for COVID-19 technology enhancement. Looking forward to the FY23 biennial budget proposal, the only request is for financial authority to go ahead with a modified FTE (Full Time Employee) and the request to move Human Resources in house. There would be some level of adjustment with the Commerce indirect rates. The position is currently a Modified FTE administrative assistant position and staff are requesting to change it to a permanent FTE. There are no new dollars attached; funds are available in the existing budget.

Member Maggie Peterson made a motion to provide Executive Director Villa authorization to go forward with the request for one administrative assistant with no dollars attached and to bring Human Resources in house. Member Terry Cohea seconded. The motion carried.

Director Villa stated the last item is an update on COVID-19. Staff have made some adjustments in operations to accommodate increased technological capabilities and additional health screening is now in place at the office to help keep the staff safe.

There was a mention of the Board of Investments in the newspapers as to whether the rate of return assumption was appropriate. There has been a lot of debate about the issue. In the packet are two articles, one with an explanation as to why the Board will never achieve the stated rate of return, and the second as to why we will always meet the expectations.

## **MONTANA LOAN PROGRAMS**

### **In-State Loan Program**

Mr. Doug Hill presented a summary of the commercial and residential loans for the In-State Loan Program. As of April 30, 2020, the Commercial loan portfolio balance was \$208,995,596 for 113 loans and there are two loan reservations totaling \$7,950,000. Seven loans have been committed totaling \$21,657,500. The Commercial loan portfolio, excluding the Veterans' Home Loan Program has a return of 2.91%. There are no loans past due over 30 days.

The Residential loan portfolio balance as of April 20, 2020 was \$3,121,006 representing 80 loans with a return of 6.58%. There is no activity in the portfolio. Two loans are over 90 days past due; both have FHA guarantees.

The Veterans' Home Loan Mortgage program as of April 20, 2020 had a balance of \$47,691,656 and represents 270 loans. There are six reservations totaling \$1,146,906. The projected yield is 1.22%. There is one loan over 90 days past due totaling \$170,698.

The new Multifamily Coal Trust Homes Program had a balance of \$1,675,560 as of May 11, 2020, which represents two loans with a yield of 2.69%. There are five reservations totaling \$12,868,626. The remaining available balance in the Program is \$455,814. There are no loans past due.

The Intermediary Relending Program (IRP) as of April 30, 2020 has a balance of \$4,249,432 and represents 32 loans with a yield of 2.0%. There is a total of \$242,189 available to advance on loans. There are three committed loans totaling \$937,500. There are no past due loans.

## **BOND PROGRAM REPORTS**

### **Activity Report**

Ms. Savannah Morgan reviewed the Activity Summary and noted the interest rate was decreased in March to 1.0% through August 15, 2020 as a part of the program's COVID-19 pandemic relief efforts. There were five staff approved loans committed between January 1 and March 31, 2020; all were repeat borrowers.

Responding to questions, Ms. Morgan stated the pace of inquiries has been steady; there are already nine committed loans to report on the next quarter's Activity Summary. The interest rate on the five new loans was 2.5% which was then dropped to the 1.0% rate. The application of the 1.0% rate depends when funding is expected. Other loan applications, if they are not funded by August 15<sup>th</sup>, will not receive the reduced rate, unless it is extended past August.

Member Maggie Peterson asked if we are foregoing the interest, or will we make it back?

Ms. Louise Welsh responded the bond program is subsidizing the lower rate. Whether the lower rate applies depends on which loans are outstanding or new and which had due dates through August. Borrowers inquired about a fixed rate, but it is not fixed. The upcoming nine loans for this quarter total about \$18 million and since then staff have seen an additional \$7 million more. There is usually a surge of fundings in June before fiscal year end at June 30<sup>th</sup>.

## **MONTANA PROPERTIES**

### **Montana Trust Fund Real Estate Holdings**

Director Villa stated staff worked with the real estate team on the approach to the Montana owned buildings, which are viewed through an investment lens. The California Street property, raw land of 1.96 acres, has appreciated faster than anticipated and staff are making progress on a land swap with Smith School.

Ms. Peggy MacEwen explained the buildings owned by BOI are held in the Trust Funds Investment Pool (TFIP). The properties were appraised this March and have a combined fair value of \$19,215,000. The net operating income was \$1,197,815.

Summary of the properties owned:

- California Street is raw land, purchased in 1998 for \$205,000 and is now valued at \$290,000 with a Net IRR of 1.12%.
- 2401 Colonial Drive was built in 1999 on land purchased in 1997 at a cost of \$6,481,741. The current value is \$9.9 million with a Net IRR of 9.8%.
- 9th Avenue was built in 1968; there is no purchase price as it was part of MPERA investment properties when the new Montana Constitution was written. The current value is \$470,000 with a Net IRR of 29.98%.
- N. Park Avenue was built in 1982 and purchased for \$4,864,326 in 1986. The current value is \$6,415,000 with a Net IRR of 8.93%
- Boot Hill Court in Bozeman was built in 2004 when the Board authorized construction. The current value is \$1.14 million with a Net IRR of 6.86%.

State agencies occupy the buildings.

Ms. MacEwen outline the two decisions before the Board. The first is a land swap with Smith School. Staff would like to enter into an agreement to terminate all easements and various rights of way. The benefits include divesting of a low IRR property, and a cleanup of property borders.

Director Villa added the land swap values did not appraise at equal value. The BOI portion is \$290,000 whereas the school portion is valued at \$120,000. The question is how to complete a swap with a difference of \$170,000. Changes would include BOI receiving all the parking on the back road as well as the drainage area by the Cupola and the easement of the road coming out of the school. That easement would go away; the air intake for the Colonial Building is on that side. If the school abandons that easement it is a benefit to BOI. There is no good way to appraise the value of the easement.

If the Board grants permission to move forward, staff would begin negotiations with Smith School and bring an agreement back before the Board for final approval. The land swap was the School's idea initially, although it has not yet gone before their board. The preliminary indication from the School is they prefer a non-cash deal: a straight across swap. However, the appraisals show it would not be a net break-even situation.

Director Villa stated the California Street property would have to be taken off the books and the gain from the swapped additional land and easement removal would be booked toward the Colonial property as added value. How to book the negative consequences of the price difference is to be determined.

Director Villa noted a Board motion is not needed, although if there is consensus from the Board to move forward, staff will speak with Smith School.

Mr. Ethan Hurley stated on a standalone basis, the overall value of the Colonial property may benefit and be worth more when combined.

Ms. MacEwen outlined the second decision before the Board which is the proposed purchase the TRS (Teachers' Retirement System) Building located on the corner of East 6<sup>th</sup> for an estimated purchase price of \$1.9 million. The estimated value should be almost \$2.5 million in 2040. The building has a lease in place with a 3.0% escalator and the building has been recently renovated and reroofed.

Member Jack Prothero noted historically this Board has been inclined to get rid of properties and asked why this purchase would be beneficial.

Director Villa explained staff have a genuine interest in managing the Montana real estate holdings the same as we would expect an outside manager to manage real estate holdings. It is a small portion of our portfolio, but we are filling a need of state government and generating market return for the Trust Fund participants. The Trust Fund is returning 6.11% these days which is a good return, and the renovations are completed. Participants receive distributions and we have increased leases and occupancy rates. This purchase of the TRS Building and divestment of the California property are in line with those goals.

Member Prothero asked if building management would still fall to staff and added that he has always had a concern with the amount of staff time spent on managing the properties.

Ms. MacEwen and Ms. Louise Welsh agreed property management takes about 10% of their time.

Director Villa stated that is correct, along with our property manager and General Services.

Director Villa asked for the Board to allow staff to proceed and have TRS acquire an appraisal to move forward.

The Board agreed staff could move forward in the process for acquiring the TRS Building.

### **PENSION ASSET CLASS BENCHMARK REVIEW**

Mr. Dan Zarling provided a summary of benchmark definitions and provided examples of different types of benchmarks noting there is no ideal benchmark, there are always tradeoffs. Asset class benchmark criteria include being specified in advance, appropriate, measurable, unambiguous, relevant, accountable and investable.

Mr. Jon Putnam stated the real estate benchmark was recently changed. For the new benchmark, staff opted for the Open-End Diversified Core Equity Index (ODCE). The benchmark is widely known and was created in 1977. It uses a very straight forward universe of real estate funds and must adhere to industry standards. The ODCE Index will align more closely to the BOI portfolio.

Mr. Zarling stated regarding the active benchmarks we use, in theory each asset class is distinct and contains a similar group of components/securities. The asset classes should reflect a similar profile to their benchmarks.

Member Prothero asked Mr. Jim Voytko is he sees any problem with any of the BOI benchmarks.

Mr. Voytko stated analysis shows the CFA (Chartered Financial Analyst) Institute criteria for benchmarks is solid. However, that doesn't change that there are always tradeoffs and there are no perfect benchmarks. The benchmarks used by BOI are solid. One thing about benchmarks is that trustees are obligated to monitor the assets and how the portfolio is performing. The risk/reward of the BOI portfolio compared to the behavior of the prior policy benchmark was far away from peers. The prior CIO focused on a single criterion, whether it was investible, which means public assets, which pushed your policy portfolio out of bounds. For private investments, the long-awaited flip we anticipated when equity markets declined occurred in the first quarter. The Board will need to make a decision on private investments to align with the CFA Institute as private investments are still aligned with public markets.

Mr. Putnam added staff are looking at the issue. The problem with private investments is there are not a lot of benchmark options.

Mr. Voytko noted many other institutional investors when faced with imperfect benchmarks, use primary and secondary benchmarks for assets.

Mr. Zarling added there are issues not only with private investments but also natural resources which has no straightforward benchmark available. The tendency is to go with a public index when you have no good alternative.

Mr. Voytko stated this Board asks a lot of good questions regarding benchmarks and the conversations have been very thoughtful. For natural resources, when faced with a set of investments with no option to gauge how the universe actually moves, you can create your own custom benchmarks, or keep certain aspects in mind when determining your investments.

## **CAPITAL MARKET SUMMARY**

Mr. Jim Voytko provided a summary of capital markets. Every crisis/decline in markets has a unique set of circumstances. This crash was the fastest since 1987. This time many characteristics are not associated with equity markets, such as the corona virus, and when an oil price war broke out which was independent of other factors. The price of oil went negative as storage filled up and no one wanted to buy, only sell. A quarter like this is so unusual, predictions are hard to gauge. The first quarter has some great lessons to learn but is not part of a continuum. Through March 31, 2020, equity markets were down a lot, but not as much as the GFC or the Dot Com bubble burst. This one felt bigger than it was since it happened so fast, but the decline came along with other factors such as the disruption of our lives.

Although bonds fared better, the bond market wasn't working very well in March. When the real economy and capital markets are not working, people can lose faith in markets. The Federal Reserve created a number of vehicles to address the issues which helped stamp out most of it. The news was good for real estate, which was positive, although pay no attention since real estate is appraised annually or on a rolling quarter basis. Simply, a lot of real estate has not been reappraised. The decline was worsened when normal business activities were frozen. No buying or selling meant a large drop in transactions and few were occurring; any appraisal looks at comparable sales. Commodities were no surprise; economically linked commodities fell as well.

Longer term, the portfolio rank vs. peers was higher; portfolio asset allocation helped at the start of this market decline crisis. Clients had a lot of questions mid-March. The de-risking of the portfolio over the last three years paid off during the crisis and is the biggest sign of whether the portfolio is becoming more or less sensitive to the stock market. During the second quarter, public equities may come back and again outperform private equity. Portfolio performance over 5-, 7- and 10-years is a good sign.

Board Chairman Englund noted since March 31<sup>st</sup> markets have changed quite a bit with high unemployment, lots of casualties from COVID-19 and chaos within the national government. It's hard to say with any certainty what things will look like going forward, so why have the numbers improved?

Mr. Voytko replied no one can predict short term markets, but interest rates have dropped dramatically, meaning those with a perpetual portfolio were pushed into risk assets. Capital markets were competing for your capital, competition in fixed income went to nil, and so public equity was the only option. All big rallies occur before the real recovery happens; the steep recovery is a surprise. At the end of March, RVK made a change to the capital market outlook. We had never issued a midyear outlook but felt compelled to make a change. Changes include a reduced expectation for fixed income and a raised outlook for equity. There was a fourth quarter spike before the black swan hit. When it hit a highly valued capital market, results were dramatic. The response has been to run a huge deficit. In modern capital markets central banks have a powerful role. With major bank intervention, interest rates came down and stayed there and GDP stayed down. Fixed income is not expected to be much help over the next five or ten years unless rates are driven up.

Mr. Putnam added staff were reducing core fixed income and adding some to equities, high yield, private investments and real estate, but only on the margins. Treasuries were the only thing we could sell; we

were selling the safe assets, as we wanted to avoid having to sell equities. We were hitting the top of the range for core fixed income.

The meeting adjourned for the day at 4:04 p.m.

## **BOARD MEETING DAY 2**

### **CALL TO ORDER**

Board Chairman Karl Englund called the regular meeting of the Board of Investments (Board) to order at 8:31 a.m. A quorum of Board Members was present. Chairman Englund advised audio/video recording of the meeting was underway. Chairman Englund asked for public comment on issues with Board jurisdiction. There was none.

## **CONSULTANT REPORT**

### **Quarterly Performance Report – RVK, Inc. – Jim Voytko and Becky Gratsinger, CFA**

Mr. Jim Voytko reviewed the Quarterly Investment Performance Analysis for the quarter ending March 31, 2020. The S&P 500 was down just under 20%; small caps were down 30% and bonds, as is typical, were up 3% as interest rates fell. One of the challenges going forward is interest rates have fallen across the yield curve, leaving no place to go in terms of extending duration to get better returns. The entire yield curve was down to 1.0%.

The performance of the total fund is the sum of all the major asset allocation decisions. We look at the performance trend line, rather than quarter by quarter. This was a very unusual quarter.

With respect to the three benchmarks for total fund, the actuarial goals fell far short of their goal of 7+% with a minus 11.21% for PERS over the quarter. It was not a good quarter for capital markets for institutional investors. Every time there is a bad quarter, it ripples through the history. One question is over the 3-, 5-, and 7-year periods will the unusual quarter distort the long-term numbers? Not necessarily, although 6.24% over 7-years and 7.32% for 10-years falls short for the plans. The equity market over the last 10-12 years has been good, although meeting the actuarial rate isn't getting any easier.

The most important question is how are we executing against our own investment goals? There is some historical distortion as the 3-, 5- and 7-year numbers are well above policy benchmark. We will see how things look after the current quarter washes out for a bit. Unusual quarters can affect the short term and the long-term historical picture.

A substantial amount of outperformance is due to the private equity lag. Another way to gauge how the portfolio is performing is comparing to institutional peers. However, they have different liabilities, some are not cash flow negative and some are well funded. It's easy to look at 25 or 30 peers that are generally trying to do what you are doing. But there are variables, and this is the third and least dependable gauge of how your portfolio is doing. The fund was above the median for the recent quarter ranking at 44. You have an excellent track record vs. peers who are similar to you.

The total pension fund ranking was 22<sup>nd</sup> out of 53 other pensions for U.S. equities. The fund is heavily weighted at almost 29% for U.S. equities vs. 22.66% for peers and 15.6% for international, which is close to the median. U.S. equities have outperformed international equities by a significant margin.

Adding U.S. and international equities, your fund is also more equity weighted. The median is just under 38%, where yours was nearly 44%. Equity is the most volatile asset and can introduce volatility into the total fund. Your fund dampens that with a substantial allocation to real estate; the average fund has 6% whereas your fund is at 9.7%. However, this can be misleading as your fund does not contain hedge funds and other exotics. The allocation to real estate acts as a counterweight to equity exposure, along

with fixed income. Your fixed income exposure is closer to normal at 26% vs. the median at 24%, which is also part of the counterweight to U.S. Equity.

Comparing risk/return vs. peers the portfolio had volatility risk at dead center with no unusual risks and above average returns. The PERS benchmark showed more risk and less return. All private investments were marked to public markets, which varies from peers. The emphasis on investability and the focus on benchmarks over the last few years shows how different your fund was compared to peers.

Mr. Voytko reviewed equity beta. We focus on the roll up of how much risk your fund is taking vs. how much is driven by the stock market and the sensitivity to the stock market. U.S. equity beta should be close to 1. Since the 2009 diversification of the portfolio, your fund has had equity beta under control. The diversifiers have benefited the portfolio. Sensitivity has been kept within bounds for the total portfolio. Core fixed income and real estate have very little correlation to the U.S. stock market, and international equity has a widely varying relationship to the U.S. market.

There is only one number that matters, did you reach your actuarial goal? However, this is the one factor the market has the most control over by far. No institutional investor has control over the market, which is the most important factor. Real estate did well in the quarter due to the lag, but as properties get appraised over the next year, we don't expect tremendous performance for real estate in this market. There may be impaired properties due to vacancy rates, or from concessions due to the current market environment.

Ms. Becky Gratsinger reviewed the CAPP (Consolidated Asset Pension Pool). There are currently some interesting themes. Relative performance of equity markets vs. the custom index is showing underperformance, but there are other considerations. Active managers struggled during the recent downturn although your fund ranked well vs. peers. Two thirds of your U.S. equity is indexed; you underperformed as did other plans. The index has been very difficult to beat for many years. International equity was the opposite as it has performed very well vs. the index, but your plan doesn't fare as well vs. peers. Those areas have lagged for a while but vs. the benchmark you've done well. Emerging markets and small cap dragged domestic equity performance vs. your peers. Absolute returns for core and non-core fixed income had positive performance, although not high yield or corporate paper; treasuries contributed.

Investors were reminded that credit exposure acts like equity when you have a big risk-off event. Losses in fixed income had some equity beta embedded in it. Over the long term, investors pursue non-core to get some additional yield.

There has been a lot of discussion about the natural resources benchmark. Natural resources vs. the current index showed a large outperformance, although absolute returns were down.

Your plan has a different structure for real estate than other public funds. Peers had more Class A buildings and core real estate which has higher return expectations. When valuations are done, those will take a hit and we expect them to come in with some red ink over the next few quarters. The REIT benchmark behaves like equity. The big real estate outperformance is due to a benchmark mismatch.

Cash had a positive return for the quarter; yields are expected to be very low going forward, offering little in the way of return.

Private equity assets are not marked to market, although the portfolio has a very good long-term success record. The market benchmark is a mismatch and includes a lot of noise.

Comparing how peers performed relative to your composite asset classes, domestic equity vs. the median plan, even with the underperformance, has a favorable long-term ranking. Your highly indexed program fared very well, ranking just out of the top third.



With the introduction of international small caps, international equity relative to peers, your ranking has been poor for a while, which is similar to other programs that include emerging markets and small cap. You have been outperforming the benchmark.

During the recent crisis your fixed income is ranked pretty well; core fixed income ranked at the 17<sup>th</sup> percentile.

Performance for the Trust Funds Investment Pool (TFIP) has been helped over time by the inclusion of high yield and real estate.

Compared to the real estate holdings of other funds, BOI has more non-core. The long-term analysis is more appropriate as over 7- and 10-years the fund is near the median. Real estate investments at BOI were started right at the Great Financial Crisis, which had an impact. Historical valuations for past years show added value, but valuations are stale.

Reviewing the U.S. equity portfolio, are there areas to look at in the program? Generally, it has been tough for midcaps to outperform, although we have had good results in small cap, and some long-term managers have proven their value. It's been difficult for active managers to outperform benchmarks.

Mr. Voytko added the Board has requested a discussion on the issue of upside/downside capture. This is one area we look at to try to gauge the nature of an investment product and how it functions. For example, JP Morgan on 130/30. All the up months are put in one category and the down months in another. We look at each managers' performance vs. their benchmark. We check performance over 10 years to see if the manager captured more than the upside when the market was up and also given up more in downside markets. Over 10 years JP Morgan's 130/30 has outperformed by 69 basis points. During an unusual quarter when their universe plummeted by 19.6%, their performance fell by 17%. Against other similar managers they were almost in the top decile. Historically, we would have expected them to be down more than the market.

Another manager analyzed was Vaughan Nelson, known as a conservative/higher quality manager. On small cap value we would have expected them to provide downside protection. In 44 down months their product has fallen less, and on up months they have trailed. They did well during the first quarter market collapse. The benchmark was down 36% and they fell less than 30%. It was a great time for a manager with their characteristics; they had a solid rank in the middle of the top quartile, at the 17<sup>th</sup> percentile.

A third manager analyzed was international value manager Lazard. There is a limited three-year history, which shows they have gone down less than other value managers at 4.32% vs. 4.84% and lagged a bit in up markets. We would expect them to outperform, but they did not. When the benchmark fell 23.36%, they fell 24.43%. They fell more than the universe but still ranked in the top third for competing managers. Although upside/downside can tell you a lot, it is not the defining characteristic.

### **DOMESTIC EQUITY ASSET CLASS REVIEW**

Mr. Jon Putnam provided a summary of the CAPP as of March 31, 2020. Domestic equities make up the largest weighting in the pension plan portfolio, therefore it is a major return driver. The allocation is close to 32% today with the recent market activity. Domestic equities have high relative long-term returns and high relative volatility. Both the first and current quarter demonstrate that. It is not the asset class we pay benefits from during times of stress, although it is very liquid.

Staff had a lengthy discussion with RVK in mid-May about domestic equities and we will share some of their research and conclusions. Staff has made significant changes over the last couple years to the domestic equity portfolio, particularly the reduction in mid and large cap active management. In addition, staff has decided to no longer carry significant cash within domestic equity or other asset classes.

Mr. Rande Muffick reviewed the domestic equity benchmark. The benchmark used is the MSCI USA IMI, an investable market index, which means small caps are included in the benchmark. There are over 2000 holdings in the index, which includes a lot of small cap. Characteristics of the benchmark include valuations on the high side after March, although those have changed since. The equity benchmark remains fairly expensive at this time.

Breaking down the MSCI USA IMI by economic sector, it is noteworthy how much information technology has taken over the benchmark at nearly 25%, a reflection of growth outperforming value.

Since staff have been familiar with and used the index, small caps have floated at around 11-12% of the benchmark, although dropped below 10% for the first time during the sell off. For cumulative returns over the last 15 years, generally small caps outperformed large caps. However, small caps are below large caps for first time in 15 years, although markets have moved back to even recently.

Domestic equity was down 10% over the last 12 months, although that has recently reversed. Over 10 years, domestic equity returns are nearly 10%. For some time now, domestic equity has been disappointing across the board relative to the benchmark. This illustrates how difficult it has been to beat benchmarks over the last several years. The fund ranks consistently above peers and overall return is better than the average plan which has domestic equity exposure. A ranking in the 31<sup>st</sup> percentile out of 66 funds is fairly good performance.

We no longer have as many as active managers as several years ago. Large cap active has had a difficult time achieving outperformance. Relative performance for our current managers over 10 years looks pretty good. In depth due diligence along with sticking with managers over a market cycle remains our strategy. Sometimes it takes some time for a good manager to show themselves.

The main conclusions after discussions with RVK include:

- Active management in U.S. equity was unlikely for last 20 years to generate extra return;
- Over 10 years more than 75% of public funds greater than \$1 billion saw underperformance in their U.S. equity allocation;
- The large and midcap portions of the U.S. equity market are highly efficient with high correlation among stocks;
- There needs to be a dispersion of the correlation so active managers can buy/sell stocks, which hasn't been the case in large and midcaps for a long time; and
- Small caps still provide an ability to explore inefficiencies and staff have picked managers that have added value; and
- Style bias (value vs. growth) and capitalization size bias (small vs. large) are difficult to predict.

Mr. Voytko explained in any particular universe there is a category which does better than another area, such as Amazon doing well and bricks and retail not. Of the different asset classes, some categories outperform for several years, for example large cap growth has been outperforming. U.S. equity vs. international stocks has also been unusual. Usually there is a reversion to the mean.

When something persists for a long time, the issue is not will it equalize, but that it may take several years. Among the characteristics of 10 stocks which have increased the S&P 500, one difference this time around is companies have real earnings, cash flow, and dominant positions, unlike the telecom bubble and during the GFC. It's easy to see in retrospect that Microsoft and Apple would have done well. However, it is not a good strategy to be allocated to the top 10; do not abandon other areas.

Mr. Muffick stated in conclusion, staff expect to remain largely passive in large caps and midcaps. Active management within small caps is worth pursuing. And be wary of taking large positions in any one style; rather utilize a diversified approach. The portfolio is significantly passive within large caps which was increased last summer and carries less than 1.0% cash. Midcaps are also all passive now and active managers were reduced. We do have a midcap ETF, indexed and enhanced index portfolios, and long

only and partial shorts. The small cap benchmark weight was down to 9.7%; the portfolio had 11.9% so a bit overweight. The portfolio has leaned slightly value through the years.

Staff continue due diligence and monitoring; even passive managers are monitored to ensure they are staying within guidelines. Manager score cards are completed quarterly which adheres to criteria in investment policies. The quarterly review process is extensive, and the public equity team builds reports for quarterly reviews prior to manager calls. After the calls, writeups are completed and staff fills out scorecards to provide manager recommendations. Onsite visits are conducted for prospective and current managers, and staff meets with the manager teams.

Management fees are a big part of public markets and fees paid are based on the size of portfolio assets under management. Staff use a cost-effective approach; if an active manager is not worth the extra fees, the assets would be indexed. Portfolio fees have been substantially reduced over the last three years and fees paid are primarily for small caps. Fees are monitored on an overall level, by manager and by asset class.

Mr. Voytko added although there is no current information, when looking at the CEM study, BOI fees are low; the passive investments help.

Director Villa noted the next CEM report will be presented at the August meeting.

Mr. Voytko stated RVK agrees with the strategy to have as much passive exposure as tolerable and to continue active management on the small cap level.

Ms. Becky Gratsinger stated when clients consider moving more to passive, they have made a wholesale change over time, or change over gradually as managers are removed. RVK supports either, recognizing there will always be transition costs.

Mr. Voytko noted it's important to remember that risk is not removed with passive investments. Stocks will be weighted in the stocks of the market. There will come a time when active managers outperform the passive index, but it is a lot harder now.

## **INVESTMENT POLICY STATEMENT REVIEW**

Mr. Jon Putnam referred to his memo which outlines the staff proposed investment policy revisions. Mr. Putnam reviewed the proposed revisions to The Montana Separately Managed Accounts Policy language. The IPS has been revised throughout changing the name from Separately Managed Investments to Separately Managed Accounts, which is a better description. The other revision of note is in Section 10 Risk Management e) Cash Investments is revised to read "any cash vehicle at the Custodial Bank." The change was also added to Permitted Investments for all accounts. Finally, language was changed throughout the document to be consistent with the Governance Policy and to clean up some abbreviations.

Member Terry Cohea made a motion to approve the revisions to the Montana Separately Managed Accounts Policy. Member Jeff Greenfield seconded the motion. The motion carried.

Mr. Putnam then reviewed the proposed revisions to the Montana Public Retirement Plans Investment Policy. Changes are similar and will add the language on the custodial bank cash vehicle and cash held provisions will change to be consistent with practice. Schedule II-B changes emerging markets securities from restricted to +10% of the benchmark weight to + or - 10% of the benchmark. There was an underweight manager which had forced staff to buy emerging markets.

Section II-C Private Investments Asset Class changed restriction #1 regarding allocations to single Direct Limited Partnerships. Rather than a limit of 7.5% of the Asset Class, it has been revised to 2.0% of the

Montana Public Retirement Plan. This is consistent with the changes made to the Real Estate and Natural Resources policies made in April and allows for easier tracking on the overall plan.

Member Diane Fladmo made a motion to approve the revisions to the Montana Public Retirement Plans Investment Policy. Member Maggie Peterson seconded the motion. The motion carried.

Mr. Putnam then reviewed the proposed revisions to the Trust Funds Investment Pool Investment Policy. There is one minor material change. In February, the real estate asset class allocation was increased. The intent was to add to the core real estate asset class rather than non-core debt related. When the market changed quickly, staff needed more latitude. The revision changes the core real estate allocation from no less than 85% to no less than 75%.

Member Maggie Peterson made a motion to approve the revisions to the Trust Funds Investment Pool Investment Policy. Member Jim Edwards seconded the motion. The motion carried.

Mr. Putnam next reviewed the proposed revisions to the Montana State Fund Investment Pool Investment Policy. The proposed change adds the same cash investment language to “any cash vehicle at the Custodial Bank” to be consistent with the other policies. There is one exception on a restriction of BBB rated security holdings. Schedule II-D #12 Investment Grade Asset Class changes the limits on BBB rated securities to 30% of the market value of the IG Fixed Income Class rather than 25% of the entire State Fund Investment Portfolio. The math is very close to the same.

Member Jack Prothero made a motion to approve the revisions to the Montana State Fund Investment Pool Investment Policy. Member Terry Cohea seconded the motion. The motion carried.

### **RVK – EMERGING MARKET DEBT EDUCATION**

Ms. Becky Gratsinger stated emerging market debt is an interesting asset class with some unique factors in the current market environment. Emerging markets are defined as a subset of countries that have economic factors similar to the developed world, but lag in some common areas related to size and liquidity of securities, and overall market accessibility.

Notable examples of emerging markets include China due to the size of the market, also India, Brazil and South Africa. Other common factors include the markets and the primary debt issuance. Some are in dollar debt markets. Emerging markets constitute 70% of the world's land, 80% of the population with 40% of the global GDP, and they produce 60% of world commodities.

Emerging market equity and fixed income tend to have lower correlation to their developed market counterparts. Relative to developed markets, there is a long-term prospect of higher returns due to the growth prospect, although higher risk factors are involved.

A major factor of the enhanced growth is the development of the middle class where previously there was no middle class, only poor and very rich. They sometimes have better habits of saving and investing than developed markets. The regulatory environment is in development and they are making steady improvements which helps further the growth framework. These include things such as accounting frameworks. The perception is of the wild, wild west where companies or organizations are not as rigorous in accounting standards. However, many have adopted accounting frameworks that have been adopted in the developed world.

There is also an openness to foreign investors investing in their economies and they are more welcoming now. The rule of law and flow of funds are improving. There is a need to ensure investors they have some rights and are able to get prospective company information that includes some rigor in the collection of information.

Ms. Gratsinger stated emerging market debt is part of the basket of investments in fixed income and equity as part of the worlds' market cap and is a notable segment. There are different return patterns, offering a diversification benefit. It also offers a better yield, as investors are paid for the additional risk. A large part of the developed world is dealing with negative interest rates, which has caused investors to look at more credit risk in local currencies or debt issued in dollars.

The investor is not taking currency risk if the debt is in U.S. dollars. If it is in the local currency, there is the risk of inflation/depreciation. High inflation erodes your value. You have the option to invest in dollars only or take on exposure with local currency. Various issues can occur with debt. There could be an inflationary environment, there is risk of default, or foreign exchange risk. If the debt is in the local currency, you have exposure.

Some unfavorable conditions for emerging market debt include risk-off capital markets. When investors get scared it will drive down the price of risky assets, emerging market high yield bonds, emerging market debt, or equities. Geopolitical or economic disruptions could also impact repayment ability; sovereign entities can issue protectionist policies. Some countries that are producing commodities, such as has happened recently for energy, can be a problem.

There is favorable global economic growth for emerging market debt with good fundamentals. The environments have discipline and economic independence. This year many things are affecting global markets including the COVID-19 panic, energy prices, and commodities with less demand due to shut down economies. This has been a good time to talk about emerging markets and what happens to these investments when unfavorable events occur. Long term, U.S. yields are looking very low; emerging market debt is a tool when seeking better returns on fixed income.

Member Jack Prothero stated emerging market debt seems very risky and he asked Mr. Putnam how much staff is considering investing and how the risks will be mitigated.

Mr. Putnam replied it will be similar to high yield where you seek to pick a manager who will protect assets on the downside. It is not an asset class that would provide liquidity in times of stress, so we would not be tapping it for cash in down markets. Staff have increased the high yield allocation a bit recently. Staff don't anticipate emerging market debt will make up a large weighting in the portfolio. Yields for core fixed income are not too far off zero at this point.

Chairman Karl Englund asked what the manager world for emerging market debt looks like.

Mr. Voytko stated managers have separately managed accounts. There are global markets where you buy emerging market debt and you can specify the parameters. Emerging markets has been an area of active managers. If a manager makes a big bet which is not diversified, it could have a bad outcome. The due diligence process is thorough.

Mr. Putnam added staff would be happy to share some of the due diligence process with the Board. Given the fact that core fixed income is at 1.0% on the 10-year, it is difficult to see how we can achieve our actuarial rate and remain heavily invested in core fixed income. Staff's recommendation is not fully formed at this point. One benefit of emerging market debt is the higher income stream. To the extent that cash flow can be used for benefits, the positive cash flow could be beneficial. Most return from fixed income is based on the coupon. We could build some cash flow into the portfolio to avoid the need to sell assets.

Mr. Putnam noted staff will not be at a decision point by the August meeting but would like for the Board to allow staff to look further into emerging market debt. Staff have looked at a large swath of managers and have narrowed down the list. We have some good research and due diligence which we would be happy to share. We would likely hire one manager that is broadly diversified across countries. If 1.0% of the portfolio were invested, it would not be a significant portion of the overall pension plan, and we already have some emerging market exposure within our international equity assets. Other similar plans have an average median allocation of 0.8% in emerging market debt which is about what staff have in mind.

### **INVESTMENT UPDATE (Quarter Ending 3/31/2020)**

#### **CIO Update**

Mr. Putnam provided an overview of first quarter performance. Performance was down over last year due to the first quarter with a drop in assets under management of approximately \$750 million as of March 31<sup>st</sup>. The drop was driven by a slightly negative return accounting for a \$365 million decline and payment of benefits of \$385 million.

Over the course of the year, we added to domestic equities and high yield while taking money from Core Fixed Income. Most of the rebalancing came during the 1<sup>st</sup> quarter when markets were volatile. The downturn lows occurred around March 23<sup>rd</sup> and then the market started to rebound, rising quickly in April.

Performance across the retirement plans over one year was negative at about -3.38%. For the 10-year and since inception, about 26 years, returns are close to the actuarial rates of 7.5% and 7.75%. The 20-year number is slightly over 5.0%. The 20-year figures include the 2001 recession; a difference of a year or two can make a big difference in long term returns.

Mr. Jim Voytko added the time frame is not only picking up the tech dot com bubble but also the GFC as well as the most recent downturn. With interest rates ratcheting down, during these equity market recovery periods, we see the effect of compounded returns.

Mr. Putnam stated the asset classes are all within approved ranges and were, even during the volatile first quarter. Private equity is an example of an aspirational goal to reach the midpoint. Staff made some good reallocation decisions throughout the quarter, including putting more into high yield and equities. The small cap bias of domestic equity hurt performance as well as the exposure to the MLP index which is related to energy. Exposure to international growth indices was a positive contributor.

Regarding manager selection, domestic equity managers had slight overperformance, whereas international equity managers were slightly under.

Mr. Putnam stated staff are still looking at separate accounts for real estate, where we would directly own real estate and hold for a longer period than the typical life of a private real estate fund. The managers would still manage the properties the same as always, although we would be the owner. Staff will also be looking to hire a new Director of Operations.

Mr. Voytko added the managers finance the properties, pay off the debt, and oversee the sales of properties within the portfolio.

#### **Risk Management**

Mr. Dan Zarling reviewed the Federal Reserve Economic Data (FRED) economic indicators. The market environment has changed and there is a wide array of market forecasts. Investors are interested in where the lows are for the economy and the announcement came in February that we are officially in a recession. There was no traditional warning this time with stock market prices. The market shocks included the COVID-19 crisis, the collapse of oil prices and the monetary stimulus. We've experienced an economic tornado. Investors are moving to weekly data sets. Retail sales are connected to consumer consumption and retail sales fell off a cliff in March.

Mr. Zarling reviewed the benchmark valuation for the different asset classes. We look at the benchmark and index information for valuations of price to earnings (P/E), the EV (Enterprise Value) for domestic and international equity, EBITDA for private equity and natural resource transactions on a public platform and CAP rates for real estate property types. CAP rates were low at the end of the first quarter. The lower the CAP rate for real estate, the more expensive the properties. Bond prices are more expensive. The 10-year treasury yield was at an all-time low at less than 1.0%. We look for extremes in valuations and try to predict if they will remain. Interest rates have declined for 30 years and treasuries will not be the usual safe haven as interest rates are going negative. It is not a good outcome for the U.S. dollar and will have an impact. If treasuries were to dramatically rise, there is a lot of duration risk right now. U.S. oil is at a new low, in part due to the collapse of oil prices worldwide, lack of demand, and over supply.

Mr. Zarling reviewed the estimated pension liquidity analysis. The analysis compares the forecast for benefits and private equity capital calls, compared to the source of liquidity, our most liquid investments. The input is the assumptions for inflows, over one year, with no consideration to distributions that are coming in from private investments, which is viewed as a bonus to liquidity. The analysis shows a position for 17 months of liquidity. Assuming staff use the liquid portion of the portfolio, we can meet all our cash flow commitments without the need to liquidate other assets. We do not want to be forced to sell equities when the timing may be disadvantageous. The last market downturn lasted 18 months and so staff prefer sufficient liquidity over that time frame. It is a matter of comfort zone.

Mr. Putnam added it is a worst-case scenario. Staff wanted to look at only treasuries and cash not including bond coupon payments, etc. although other areas would be available. Staff concluded 17 months is a comfortable cushion.

Mr. Zarling reviewed the pension portfolio geography exposure. Emerging market exposure is 4.7%, lower than the MSCI ACWI Index which is around 11%. Emerging market debt makes up about 16% globally. There is some room to add exposure to emerging markets in some capacity without exposure.

Chairman Englund asked Mr. Zarling if he had any concerns with the top 10 managers.

Mr. Zarling replied he did not have any concerns as there are constraints on active managers. Northern Trust and BlackRock have trillions in assets under management.

### Cash Management

Mr. Mike Pettit reviewed cash management. Staff had discussions over last summer on cash and cash positions. There is cash in the retirement plans owned directly, and in the cash asset class and within that is a combination of STIP and STIF which was 6.11% as of July 31, 2019. When the market picked up, staff decided to pick up a bit of cash. Cash went down to about 0.75% allocation, then in March and April it increased to 1.0% as opposed to the 3.0% last summer. Over the past few months cash for the total plan and the asset class cash has been around 2.86%. Within the last couple of months, cash was bumped up slightly.

### Private investments

Mr. Michael Nguyen reported Private Equity was fairly active in the first quarter, although it slowed in March due to COVID-19. Valuations remain high; staff is focused on high quality deals. Leverage is cooling off, which is a positive. Managers are using less leverage to get deals done. Dry powder remains high; there is a lot of capital held on the side lines. The fundraising front has also cooled off with the lockdown and restrictions in travel. On the ground level, funds that have strong limited partner bases can raise cash from their existing partners, whereas new funds are having some difficulty.

Staff have been speaking with MBOI GPs and all indications show they are holding relatively strong. The second quarter will be interesting. The historical data shows private equity drops about half of what public markets do. Although it is too soon to tell, staff expects our funds have done better than that.

The portfolio market value is holding steady. It remains North America centric and staff are increasing direct exposure, along with a decrease in fund of funds. The focus is on buyouts, credits and sector specialists. Cash flow was negative for the first quarter and is expected to be negative for the foreseeable future. This reflects staff ramping up the private investments portfolio and capital calls outpacing incoming distributions. There were two new commitments which Mr. Winkler presented earlier.

Mr. Nguyen noted with the activation of Centerbridge Special Credit Partners III-Flex. Historical commitment had 30% going into the main fund, and 70% going into the flex component. Timing for this fund was set to expire in May of this year and it was just recently turned on March 18<sup>th</sup>. This has been a great opportunity for Centerbridge; it captures distress and dislocated markets, which it was meant for.

Chairman Englund asked if the negative cash flow is due to the bad economy and whether it was surprising.

Mr. Nguyen replied no, it is mostly due to contributions and distributions. Distributions were down, which is not a surprise, although contributions are a bit higher than the historical norm and average. There are a lot of deals being held on the side lines. Managers are calling down capital to make investments and to pay down subscription capital call lines.

#### Real Estate

Mr. Ethan Hurley reviewed Real Estate noting due to the emergency of COVID-19 a lot of transactions were placed on hold into a wait and see mode. Real Estate fundamentals will be uncertain going forward. REITs had a sell off; there is still a lot of dry powder. Prices were down almost 10% in April as markets seized up and spreads widened; fundraising was down as well. Our core managers have seen first quarter values adjust downward. We expect further price declines by as much as 5.0%. Non-core real estate has seen price adjustments from zero to down 14%. It will be hard to predict expectations; we could see declines down 20% before any stabilization.

The portfolio as March 31<sup>st</sup> had a net asset value of \$953 million. The portfolio remains North American centric, broadly diversified, and staff are looking at separate accounts for longer duration holds. No new names are being added at this point; staff are more focused on existing managers. Staff may add to the REIT exposure. The quarter had positive cash flow and all leverage is within policy constraints.

#### Natural Resources

Mr. Hurley reviewed Natural Resources. Brent crude oil fell 65.6% in the first quarter. OPEC has decided to extend the cut of crude oil to a combined 9.7 million barrels per day. China has bounced back to 90% of pre-COVID-19 energy/oil consumption, although still has a huge amount in storage. A slow return to normalcy is expected; the oil rig count stands at 325, a fall of 52% over the last seven weeks.

Energy/MLP stocks have sold off dramatically. Timber is expected to decline, although there have been some positives. Home building was off in March, although dry powder remains healthy.

Natural Resources are negative for one year; fluctuation has been dramatic. One energy manager had valuations down 12% for the quarter due to pricing of natural gas and oil. Portfolio net asset value for energy was \$246 million at quarter end; the Timber portfolio net asset value was \$105 million. The Broad Natural Resources portfolio was \$8.7 million at quarter end.

The portfolio is North American centric, energy is broadly diversified across the energy value chain, and timber is diversified across species and age class. Cash flow was negative \$18 million for the quarter.

New investments for Natural Resources included \$25 million to Chickasaw Capital Management and \$20 million was added to Mountain Capital Partners II, LP.

The Timber Portfolio leverage was 6.1% as of 12/31/19 which is within policy constraints.



### Non-Core Fixed Income

Mr. Rande Muffick reviewed Non-Core Fixed Income. Reams is the one manager in the core portion of fixed income. Staff have discussed their defensive nature – it paid off during the selloff in fixed income. Reams outperformed by over 300 basis points and brought up all prior numbers through all periods. For non-core fixed income high yield spreads blew out, although it has come back to about 550 or 600. Staff took advantage of the widening spread and put money into high yield managers Oak Tree and Neuberger Berman which went into pensions, State Fund and the TFIP. Manager performance was as expected. The market sold off high yield which went down about 11%; although our managers went down less. Our managers have been defensively positioned; however, staff expected they would have done better. We may see more outperformance; default rates are expected to tick up in the high yield space. Overall, staff are happy with the non-core fixed income managers.

### Domestic Equity

Mr. Muffick stated domestic equities were covered earlier in the deep dive. The equity markets sold off dramatically in perhaps one of the fastest selloffs ever, followed by a quick recovery. Markets are nearly back to previous highs, with an exceptional rebound.

Valuations for domestic equities are difficult to gauge as we are not sure where earnings will be. We could see a pullback such as if COVID-19 cases pick up, or if there are more issues with China. Markets are still overvalued although could stay level for a while. The main reason for the rebound was action by the Federal Reserve which came to the rescue with lots of money. Some expect a V shaped recovery. It's hard to imagine these hard-hit industries will come back to 100% any time soon and the market has all factors priced in already.

### International Equity

Mr. Muffick stated international equity sold off more than U.S. Our portfolio has been domestic centric with our equity exposure, a 1.5 to 2x weighting of domestic vs. international. Investors are avoiding risk – the U.S. continues to perform better with equities. The international equity pool performed fairly well. Of our downside protection managers, Lazard disappointed, although INVESCO did well. Staff put money to work mostly into domestic passive and T. Rowe Price, and input some into international passive as well.

### Core Fixed Income

Mr. John Romasko reviewed core fixed income. Spreads on corporate investment grade bonds increased 150 basis points, a blow out, and about 60 basis points for MBS (Mortgage Backed Securities) on erratic trading. Fixed income started the quarter short on duration and overweight treasuries. This was partly due to the change in the benchmark and the reaggregating of the mortgage, corporate and treasuries portfolios. The portfolio was short the index in terms of duration and in corporate bonds. Throughout the quarter staff increased the allocation to mortgages and corporate bonds and reached the desired level in February. Then late March turned into generating liquidity to fund asset reallocation; there were very few options for liquidity except to sell treasuries. At quarter end the portfolio was neutral to short duration and a bit heavy in spread risk.

Short durations were needed as cash on hand for reallocation. You would expect the core fixed income portfolio to track the index; there were dramatic changes and some performance gained. We expect to closely track the index, although the portfolio is underweight the very long end of the curve. If 20- or 30-year rates decline, the portfolio will underperform and realistically will not help return. However, it may tamp down volatility and provide needed liquidity through coupon payments, maturities and mortgage paydowns.

### STIP (Short Term Investment Pool)

Ms. Kirsten Haswell reviewed STIP for the quarter. STIP returns were good, both relative and absolute. The STIP yield was 1.33% at the end of March and outperformed the benchmark by 23 basis points. Ms. Haswell noted markets have been more risk off than usual. With lows at historic levels, there is no advantage to putting more in commercial paper and corporates.

Board Chairman Englund asked if staff has seen any indication from local governments whether they intend to draw down their STIP balances?

Mr. Romasko replied it's unclear as of now. Staff are waiting to see the impact of the CARES Act funds.

Director Villa noted so far there has not been a big dip in the property tax influx. The CARES Act has a new reimbursement program for local government services through the Department of Administration.

Mr. Romasko added staff expect to see the normal seasonality and usual property tax collection at the end of May, then the funds will pay down until the next tax collection.

#### State Fund

Mr. Jon Putnam reported State Fund had a good positive return for the year, but negative relative to the index driven by the first quarter. The portfolio is typically overweight corporate credit which weighed it down. The good news is much of the performance has come back since quarter end.

Staff spoke with the State Fund Board on Friday. All portfolios are up in credit, but there are a couple of stressed bonds; Ford was downgraded to BB, although staff will likely hold to maturity. Three portfolios are affected. Hertz has filed for bankruptcy; we own ABS bonds although not in high dollar amounts. Those were secured asset back securities secured by their fleet of cars. The credit support is north of 30%; a lot of coverage and more than sufficient to make payments. Staff expect a full recovery, although timing may be uncertain due to the legal process. Another unpredicted occurrence was the travel industry going to zero.

#### Trust Funds Investment Pool

Mr. John Romasko reviewed the quarter end performance of the TFIP. The largest underperformance was high yield. The index does not hold high yield which shows in the comparison. Real estate is also contained in this portfolio which had a positive return. The investment policy statement was revised to increase the real estate allocation. The first quarter was chaotic, and values were overstated. The real estate team, to their credit, worked with managers to defer capital calls so not as much real estate was added as originally intended. Staff did add more high yield. At quarter end, the portfolio was overweight credit and overweight cash at about 4.5% as it was built up to provide for expected funding. Liquidity reduced the portfolio duration. Going forward staff expect to outperform the index, as there is a yield advantage and more corporates. Real estate will also be increased.

Executive Director Villa reviewed items on the "to do" list for the next Board meeting:

1. If the CARES Act agreement is finalized, the Board will need to meet for a special meeting to sign a resolution.
2. Staff will gather information on the lookback of investment benchmarks as well as look at possible changes to the two other outstanding benchmarks.

Having no further business before the Board, the meeting adjourned at 2:54 p.m.

Next Meeting

The next regular meeting of the Board will be August 18-19, 2020 in Helena, Montana. Complete copies of reports presented to the Board are on file with the Board of Investments.

**MONTANA BOARD OF INVESTMENTS**

APPROVE: \_\_\_\_\_  
Karl J. Englund, Chairman

ATTEST: \_\_\_\_\_  
Dan Villa, Executive Director

DATE: \_\_\_\_\_

BOI/drc 6/26/2020

**MONTANA BOARD OF INVESTMENTS**  
***SPECIAL BOARD MEETING CONFERENCE CALL***  
**2401 Colonial Drive, 3<sup>rd</sup> Floor**  
**Helena, Montana**  
**Minutes of the Special Board Meeting Video Call – *Via Zoom***  
**June 5, 2020**

**BOARD MEMBERS PRESENT:**

- Karl Englund, Board Chairman
- Mark Noennig, Board Vice Chairman
- Terry Cohea, Board Member
- Maggie Peterson, Board Member
- Diane Fladmo, Board Member
- Jeff Greenfield, Board Member
- Bruce Nelson, Board Member
- Senator Fred Thomas, Legislative Liaison
- Representative Jim Hamilton, Legislative Liaison

**BOARD MEMBERS ABSENT:**

- Jack Prothero, Board Member
- Jim Edwards, Board Member

**STAFF PRESENT:**

- Dan Villa, Executive Director
- Peggy MacEwen, Deputy Director
- Jon Putnam, CFA, FRM, CAIA, Chief Investment Officer
- Rande Muffick, CFA, Deputy CIO/Director of Public Market Investments
- Julie Feldman, CPA, Financial Manager
- Doug Hill, Director of In-State Loans
- Ethan Hurley, CAIA, Director of Real Estate/Natural Resources
- Michael Nguyen, Director of Private Investments
- Jason Brent, CFA, CAIA, Investment Officer, Public Markets
- Frank Cornwell, CPA, Associate Financial Manager
- Linda Sharkey, Network Administrator
- Savannah Morgan, Bond Program Officer
- Steve Strong, Investment Analyst
- Teri Kolnik, CFA, Investment Analyst
- Tim House, Investment Analyst
- Eron Krpan, CFA, CAIA, Investment Analyst
- Emily Kovarik, CPA, Investment Analyst
- Kirsten Haswell, Investment Analyst
- Thomas Winkler, CAIA, Investment Analyst
- Roberta Diaz, Investment Accountant
- Kelsey Gauthier, CPA, Investment Accountant
- Dana Chapman, Board Secretary
- Lindsay Ford, Administrative Assistant
- Rob Samson, Investment Intern
- Sam Holman, Accounting Intern

**CALL TO ORDER – Karl Englund, Board Chairman**

Board Chairman Karl Englund called the meeting to order at 1:35 p.m. As noted above a quorum of Board Members was present. Chairman Englund advised video/audio recording of the meeting was underway. The secretary called the roll and Chairman Englund called for public comment on issues with Board jurisdiction. There was none.

**Private Investments – New Commitments**

Mr. Thomas Winkler presented the commitment for McCarthy Capital Fund VII, L.P. BOI has a long-standing relationship with McCarthy. The firm is employee owned with 100 employees. They focus on the small/middle market buyout space favoring the Midwest, an underserved region, where they have carved out a niche. BOI committed \$50 million on May 20<sup>th</sup> and includes a seat on the Limited Partnership Advisory Committee (LPAC), as we also have for Fund VI.

Board Chairman Karl Englund asked what designates a region as underserved?

Mr. Winkler explained in the broader U.S., private equity firms are clustered in the northeast corridor, and the east and west coasts. The Midwest does not have much representation. McCarthy is the local firm known to the locals.

Mr. Winkler presented the commitment for Tenex Capital Partners Fund III, L.P. which is also a BOI reup. Staff committed \$50 million on April 24<sup>th</sup>. Tenex is a U.S. focused small buyout manager. Their strategy comes from an operator background which drives performance through operational improvements to add value. BOI has a seat on the LPAC with Fund III, as we do for Funds I and II.

Ms. Emily Kovarik presented the brief for Angelo Gordon Commercial Real Estate Debt Opportunities Fund III, LP. MBOI invested \$100 million on April 23<sup>rd</sup> and have invested in seven Angelo Gordon real estate funds since 2007. MBOI has approximately \$57 million currently invested across the seven funds. Over that time as of 12/31/19 the aggregate return is strong at approximately 13% Net IRR with a 1.5X multiple. Angelo Gordon is a highly institutional manager registered with the SEC. The commitment expands the portfolio's investment in private real estate debt with a manager that has differentiated exposure across the commercial real estate debt market. Angelo Gordon's investment focus is in commercial MBS (mortgage backed securities) and whole loans. They have a solid underwriting process both structurally and with in-depth analysis of the collateral. Angelo Gordon has purchased over \$18 billion in debt since 2006. The fund is a closed end fund, with exposure to office, retail, lodging, multifamily and industrial properties, mostly located in the U.S.

Member Terry Cohea asked for more information on the B pieces of the fund and asked if it refers to corporate rated B's, and whether they are considered junk bonds?

Ms. Kovarik stated the ratings are BBB to BB, but they are not junk bonds.

Mr. Jon Putnam noted there is a bit of a difference. It is a lower rated bond which can be rated BB, or BBB. Although BB is considered junk status, it is not the same as in the corporate world. You are

buying lower in the capital structure. BBB securities are lower in the capital structure with a return expectation consistent with high yield.

Member Bruce Nelson asked for clarification on how this investment is different than prior investments made with Angelo Gordon.

Ms. Kovarik explained this is our first investment in the private debt side with Angelo Gordon. MBOI has a long history investing with them in private real estate equity funds.

Responding to a question from Chairman Englund, Ms. Kovarik stated Angelo Gordon has a Net IRR of 11% on its most recent debt fund.

Executive Director Villa provided an update on activity regarding the CARES Act. He and Mr. Hill spoke with partners at the banks and hope to have an update soon. We were hoping to have an announcement from the governor, but it has not come in yet. Hopefully by early next week we will know more.

Director Villa reported he had received Mike Pettit's two-week notice; he is headed to Penn State. Director Villa and Mr. Putnam will be working with Mr. Pettit early next week to start a transition plan and develop a recruitment plan to fill the director of operations position.

With no further business before the Board, the meeting adjourned at 1:56 p.m.

**MONTANA BOARD OF INVESTMENTS**  
**SPECIAL BOARD MEETING ZOOM/CONFERENCE CALL – CARES Act**  
**2401 Colonial Drive, 3<sup>rd</sup> Floor**  
**Helena, Montana**  
**Friday, June 19, 2020**  
**10:30 AM**

**PRESENT *all via Zoom/Conference Call:***

**BOARD**

- Karl Englund, Board Chair
- Mark Noennig, Board Vice Chair
- Jack Prothero, Board Member
- Terry Cohea, Board Member
- Bruce Nelson, Board Member
- Jim Edwards, Board Member
- Diane Fladmo, Board Member
- Maggie Peterson, Board Member
- Jeff Greenfield, Board Member
- Senator Fred Thomas, Legislative Liaison

**STAFF**

- Dan Villa, Executive Director
- Peggy MacEwen, Deputy Director
- Jon Putnam, CFA, FRM, CAIA, Chief Investment Officer
- Doug Hill, Director of In-State Loan Programs
- Rande Muffick, CFA, Deputy CIO/Director of Public Market Investments
- Julie Feldman, CPA, Financial Manager
- Polly Boutin, Associate Financial Manager
- Frank Cornwell, CPA, Associate Financial Manager
- Roberta Diaz, Investment Accountant
- April Madden, Investment Accountant
- Kelsey Gauthier, CPA, Investment Accountant
- Ethan Hurley, CAIA, Director of Real Estate/Natural Resources
- John Romasko, CFA, Director of Fixed Income
- Tim House, Investment Analyst
- Kirsten Haswell, Investment Analyst
- Steve Strong, Investment Analyst
- Teri Kolnik, CFA, Investment Analyst
- Savannah Morgan, Bond Program Officer
- Dana Chapman, Office Manager/Board Secretary
- Sheli Jacoby, Administrative Assistant
- Lindsay Ford, Administrative Assistant
- Rob Samson, Investment Intern
- Sam Holman, Accounting Intern

**GUESTS**

- Garrett Norcott, Chief Legal Counsel, Department of Commerce
- Herb Kulow

**CALL TO ORDER**

Board Chairman Karl Englund called the Special Meeting of the Board of Investments (Board) to order at 10:33 a.m. As noted above a quorum of Board Members was present. Chairman Englund advised audio/video recording of the meeting was underway and asked for public comment on issues within Board jurisdiction. There was none.

Executive Director Dan Villa provided an update on the CARES Act. Staff have been working for 6-8 weeks on aspects of the CARES Act relevant to MBOI. The first program is the Montana Loan Deferment Program. There is \$125 million allocated from the federal government to the Program under the CARES Act. The funds will flow from MBOI through banks and credit unions. Borrowers will be able to defer interest over a period of 6 – 12 months.

The Coronavirus Relief Fund Inter-agency Service Agreement is our agreement with the budget office to receive the funds and administer the program. MBOI will provide the most transparency in the state. We will display rolling totals of the funds requested and funds awarded daily on the website; distributions will be happening on a date certain. The first distributions are expected to be July 7th – further distributions will be based on subscription rates.

Staff will be providing continuing guidance and will have calls with banks and credit unions on a daily basis initially, as well as posting information on our website. Staff will also have meetings with banks, credit unions and banker associations. Herb Kulow has been brought back on board to help administer the program which starts on Monday. Staff have requested a federal funds account from the Department of Administration.

The Department of Revenue will help facilitate the Program on the front end. Lenders will fill in information on the application which the Department of Revenue will review. Then the Montana Department of Transportation (MDT) will perform an internal audit function through random sample audits. Then MBOI will receive the documents for processing.

The goal is a 72-hour turn around for applications, and we are hoping there is not an initial rush. Staff will talk with bankers to see how quickly they are able to process the applications. The application is still in development. MBOI may play a larger role than originally thought. Staff are approaching fiscal year end and that is our priority. We have not been granted any more FTEs to handle the extra workload. Mr. Kulow will be paid out of our operations budget providing extra hours to accommodate this process.

Senator Fred Thomas asked Director Villa to walk through the process of how someone gets a loan.

Director Villa explained the borrower goes to the lender and asks to be put in deferment status through the Program. The lender inputs the application information online using the Submittable format.

The borrower provides certain information to the lender including information showing they have had at least a 25% reduction of business revenue due to the coronavirus. Although the bank is not certifying the information for accuracy, the borrower will certify and attest to it. The Department of Revenue will then do their review of the information and if Revenue believes it is reasonable, it then goes to MDT and they will pull documents randomly to audit (at about 5% testing). The application then flows through to MBOI, the last stop. The Department of Revenue will look at every single application; however, MDT will be pulling applications on a random basis. Revenue will look at the actual numbers provided by the borrower indicating their actual losses which will be compared to prior years for reasonableness.

Member Terry Cohea noted Governor Bullock held a press conference, but are there other ways people will find out about the Program?

Director Villa stated the state's COVID website will have the information, and BOI will post about the Program on our website. Both of those will provide pathways to the application process. Also, in our work with the banks we are using them to communicate with their borrowers.

Director Villa added although it's unlikely that 100% of the allocation will get utilized, staff will track to see how close to 100% we can get, and we may get close to being fully allocated.

Member Jim Edwards asked if the Program will apply to hotels/motels.



The Governor has stated \$25 million is allocated just to hotels/motels, although they can also draw from the other \$100 million in the bucket. Therefore, hotels and restaurants could receive more than \$25 million, but not less.

Director Villa noted the Program is based on Montana businesses, they must derive the majority of their income from Montana to be eligible, although not necessarily Montana owned.

The loans for the individual borrowers will be put into deferred status and the funds will cover the borrower's interest up to 6.0% and up to a total amount of \$150,000. The funds provide the borrowers time; the loan principal will be added to the end of the loan notes; we will cover the interest for them. The \$125 million will be used to pay interest for up to 12 months.

Director Villa stated some advantages of the Program include the banks will have fewer assets fall into a trouble status. Their balance sheets stay clear and they do not have to show troubled assets on the books to regulators. The businesses have those funds to help stabilize their business – whether it is decreased capacity, supply chain disruption, etc. – with no principal payments for 12 months. The \$125 million is expected to have an impact greater than \$500 million.

Vice Chairman Mark Noennig asked with the process being neither ideal nor simple, how could it have been better?

Director Villa stated the most significant item is the system will not automatically boot ineligible applicants. Most forms with a yes or no answer, where no is a disqualifier, the system would not let you proceed. Here, the ineligible applications will also need to be processed which will take time and is not ideal.

Chairman Englund asked how the release of the funds occurs.

Director Villa replied BOI distributes the money to banks and credit unions. Before that step, BOI produces an ACH batch to each bank. We will aggregate all the loans to the individual banks, which will be done in batches. Once we provide an award letter to the bank after the reviews by Revenue and MDT, the deferment goes into effect immediately. The funding for all 6 – 12 months is paid up front. The banks will make the distributions to the borrowers for the term of the deferment.

Member Bruce Nelson asked if since the lump sum payments will be paid in advance whether it would benefit the bank's balance sheet by receiving the funds? Is there a possibility this will help enhance their financial position and their ability to leverage additional loans?

Director Villa stated the Program will help prevent negative impacts and defaults, although with the money up front, they'll make marginal income until it's distributed. The stronger our banks are, the less we'll pay on interest. With distressed assets they will have to raise interest rates and deal with regulators. The real benefit is fewer distressed assets on their balance sheet.

Mr. Doug Hill added many loans are already in deferred status. Lenders are able to go back and pay accrued interest on those loans when they receive the money. They will pay the interest current and can also apply it to the loan, so a loan has a negative interest balance, which reduces over time. At end of deferment, there will be zero interest owed on that loan, although it depends on how the bank applies it to the loans; it is up to the bank.

Member Nelson asked if there are any tax consequences?

Mr. Hill stated he has had that question in calls from borrowers. They will need to check it out with their accountant and the Department of Revenue.

Director Villa added staff will get clarification from the Department of Revenue and post the information.

Chairman Englund asked how we protect from abuse of the Program?

Director Villa stated by looping in the Department of Revenue, we'll be able to compare to those records to double check verification and any discrepancies should be caught at that point. And although not all applications will be audited, they are at risk of being audited. The borrower would have to convince the lender of any uncertain information, then the Revenue review and possible audit by MDT. There are multiple layers of checks. Additionally, there is an acknowledgement on false statements on the form which was requested by a banking partner.

Mr. Hill stated a list of the borrowers will be sent to the banks showing what will be funded, and we will require banks to review the list and verify those borrowers are legitimate. The banks must affirm these are borrowers of the bank.

Director Villa noted the funds will only flow to banks, who distribute them to the borrowers and the banks must be a partnered bank with BOI.

Mr. Hill added staff are going through the process of approving banks to be able to participate in BOI loans. We will hopefully get all banks and credit unions as approved lenders so they can apply to other programs at BOI.

Chairman Englund asked if we have any recourse through the banks if they certify bad loans?

Vice Chairman Noennig noted the bank doesn't guarantee there will be no default, although if you have evidence that they misrepresented information, there may be recourse.

Director Villa stated we need a motion from the Board to approve the Coronavirus Relief Fund Inter-agency Service Agreement.

Member Diane Fladmo made a motion to approve the Coronavirus Relief Fund Inter-agency Service Agreement. Vice Chairman Noennig seconded. The motion carried.

In other items, Director Villa stated Mike Pettit, Director of Operations had his last day yesterday, June 18<sup>th</sup>. Staff will be posting the position soon and expect to have a recommendation to fill at the October meeting. Additionally, Network Administrator Linda Sharkey's last day was also yesterday.

With no further business before the Board, the meeting adjourned 11:27 a.m.

**MONTANA BOARD OF INVESTMENTS  
SPECIAL BOARD MEETING VIA ZOOM  
2401 Colonial Drive, 3<sup>rd</sup> Floor  
Helena, Montana**

**July 29, 2020**

**Call to Order**

The Board of Investment's meeting was called to order by Chairman Karl Englund at 10:30 a.m., on Thursday, July 29, 2020, electronically via Zoom.

**Attendance**

Board Members Present: Chairman Karl Englund, Mark Noennig, Jack Prothero, Jim Edwards, Bruce Nelson, Terry Cohea, Maggie Peterson, Jeff Greenfield, Diane Fladmo

Legislative Liaisons Presents: Representative Jim Hamilton, Senator Fred Thomas

Board Staff Present: Dan Villa, Peggy MacEwen, Doug Hill, Herb Kulow, Christine Gordon, Natalia Kolnik, Tyler Ballweber, Sheli Jacoby, Lindsay Ford, Tim House, April Madden, Robert Samson, Jon Putnam, Kirsten Haswell, Steve Strong

**1. Notice of Audio Recording and Roll Call (0:01)**

Chairman Englund advised of audio and video recording of the meeting and roll was taken: nine Board members and two legislative liaisons were present.

**2. Public Comment – *Public Comment on issues with Board Jurisdiction* (1:31)**

Chairman Englund asked for public comment. There was none.

**3. Introduction of New Staff (1:48)**

Executive Director Villa introduced Natalia Kolnik, Christine Gordon, and Tyler Ballweber.

**4. Hiring of Herb Kulow as CARES Act Loan Specialist effective June 20, 2020 through September 18, 2020. (3:18)**

Member Cohea moved to approve. Member Peterson seconded the motion which passed unanimously.

**5. Approval of “Governor’s Office CARES Act” contract with the Office of Budget and Program Planning. (6:27)**

Member Greenfield moved to approve. Vice Chairman Noennig seconded the motion which passed unanimously.

**6. CARES Act Update (8:58)**

Executive Director Villa, Doug Hill, and Herb Kulow briefed the Board and answered questions.

**7. Adjourn**

Chairman Englund adjourned the meeting at 11:13 a.m.

# MONTANA BOARD OF INVESTMENTS

Department of Commerce

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2401 Colonial Drive, 3<sup>rd</sup> Floor  
Helena, MT 59601

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Website: [www.investmentmt.com](http://www.investmentmt.com)

TO: Members of the Board of Directors  
FROM: Dan Villa, Executive Director  
DATE: 8/7/2020  
RE: August Executive Directors Report

1. Member Requests or Follow Up from Prior Meeting
  - a. US Bank and Wells Fargo Participation in Loan Deferment Program
2. Monthly Snapshot – attachment
3. Monthly Website Traffic:

Profile Snapshot ? AGF			
4,507	7,875	72.80%	12:41
Visits	Pageviews	Bounce Rate	Engagement

	Pages	Pageview: ▾	Unique Views	Landings	Exits	Time on Page
1	/	2,779	2,354	2,309	1,817	09:02
2	/2020meetings	728	625	505	589	02:34
3	/meetings	433	387	254	253	01:57
4	/loanprograms	397	301	85	96	00:48
5	/investments	300	244	89	84	01:03
6	/stip	297	271	167	144	00:42
7	/loanprograms/programs	275	188	37	101	01:35
8	/unifiedinvestments/quarterly	262	217	127	159	01:22
9	/home	253	185	99	107	06:19
10	/stip/dailyfactoryield	242	223	126	211	02:14

#### 4. FY20 Expenditure Report and FY22-23 Budget Proposal - **Decision**

Our budget issues from previous fiscal years are resolved. As you can see on the attached spreadsheet, our budget expenditures were well below budgeted amounts for FY20. This can be attributed to several factors, including:

- a. **Vacancy Savings** – We had a larger number of unanticipated vacant positions during the FY. This coincided with planned vacancy savings to remedy the prior years' budget shortfalls. The CIO, Deputy Director, administrative assistant, Director of Fixed Income, and fixed income analyst positions were all vacant for some time during FY20. These positions have been filled and other positions, such as Chief Operations Officer, IT manager, and office manager, are being recruited as soon as possible.
- b. **Travel Restrictions due to COVID 19** – Our ability to conduct onsite due diligence has been eliminated during the COVID 19 pandemic. This has reduced travel expenditures significantly. We anticipate an uptick in travel and onsite due diligence resuming in late FY21.

For FY22-23, I recommend we keep budget requests to a minimum. The FY22-23 draft budget request before you includes:

- a. Personal Services funded at trend,
- b. 3% growth for operating expenses, and
- c. Continuation of existing due diligence practices and research tools.

Staff recommends the only request we make is for one administrative assistant position; however, we also recommend that we do not ask for additional budget authority for the FTE. We currently have one administrative assistant position as a modified FTE and would like to make it permanent.

#### 5. Purchase of Teachers' Retirement System Building – **Decision**

The TRS Board voted to proceed with sale negotiations at its Board meeting on August 5, 2020. Attached for your review are:

- a. Draft Buy/Sell Agreement between MBOI and TRS
- b. Revised IRR calculation sheet with actuals (previous calculations were based on projected values)

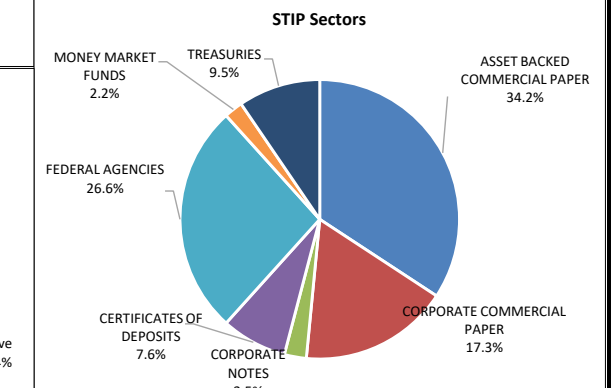
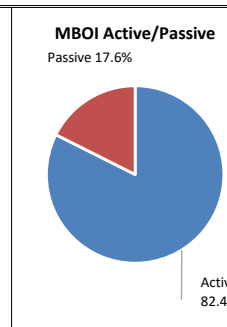
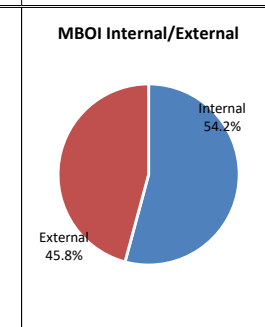
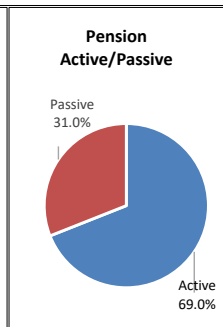
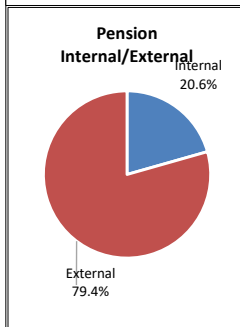
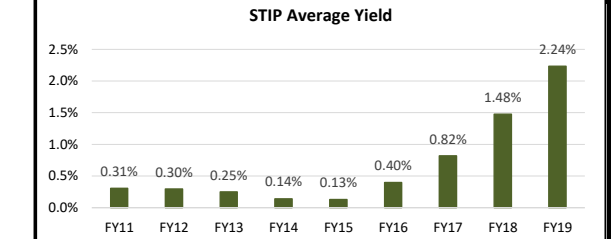
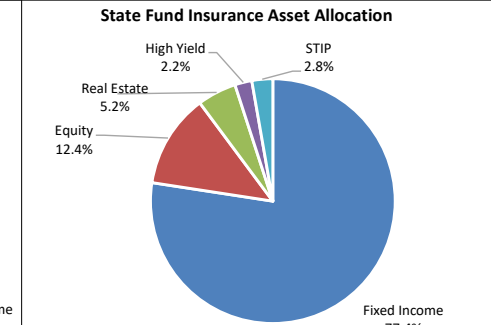
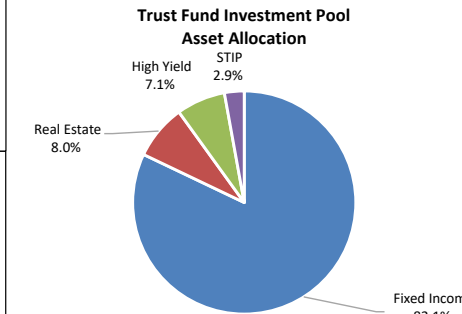
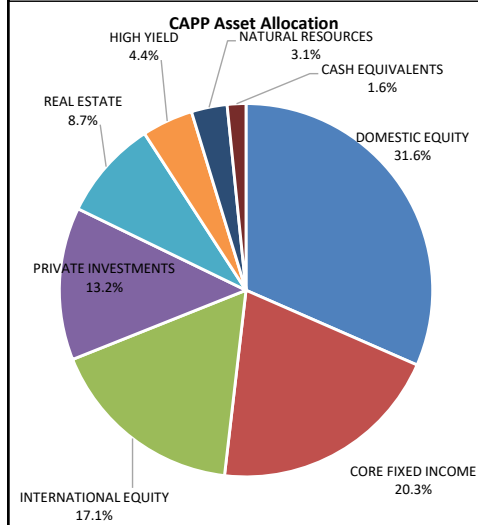
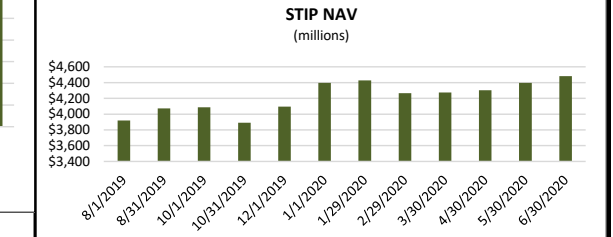
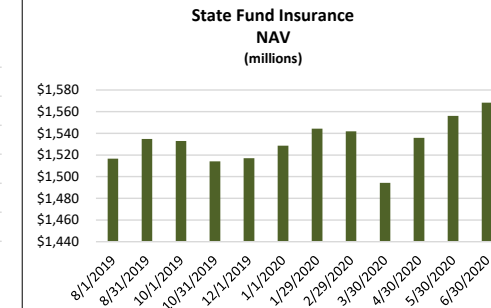
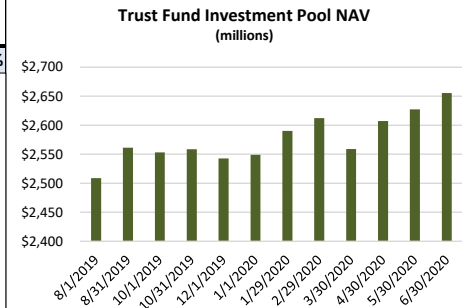
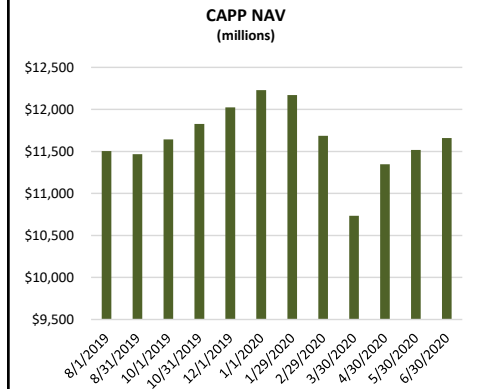
Staff is ready to answer any questions you may have and does recommend approval of the purchase.

*(FYI: We are proceeding with the Helena Public School land swap and will ask for a special board meeting for you to consider a final buy/sell if we are ready to proceed prior to the October regular meeting.)*

**MBOI Snapshot**  
**Asset Management View**  
**6/30/2020 Unaudited**  
**Assets Under Management \$21,523,021,314**



CAPP	NAV	%	TFIP	NAV	%	State Fund	NAV	%	Other Fixed Income & Pending	\$	1,166,194,856
DOMESTIC EQUITY	\$ 3,679,059,066	31.6%	Fixed Income	\$ 2,174,987,023	82.08%	Fixed Income	\$ 1,214,255,838	77.42%			
CORE FIXED INCOME	\$ 2,364,862,272	20.3%	Real Estate	\$ 210,963,500	7.96%	Equity	\$ 194,499,236	12.40%	STIP*	NAV	%
INTERNATIONAL EQUITY	\$ 1,995,279,450	17.1%	High Yield	\$ 188,022,325	7.10%	Real Estate	\$ 81,086,605	5.17%	ASSET BACKED COMMERCIAL PAPER	\$1,534,057,087	34.24%
PRIVATE INVESTMENTS	\$ 1,542,141,173	13.2%	STIP	\$ 75,739,704	2.86%	STIP	\$ 43,244,611	2.76%	FEDERAL AGENCIES	\$1,193,191,747	26.63%
REAL ESTATE	\$ 1,010,021,926	8.7%				High Yield	\$ 35,259,196	2.25%	CORPORATE COMMERCIAL PAPER	\$774,907,380	17.30%
HIGH YIELD	\$ 516,659,612	4.4%							TREASURIES	\$426,465,321	9.52%
NATURAL RESOURCES	\$ 361,464,033	3.1%							CERTIFICATES OF DEPOSITS	\$340,692,970	7.60%
CASH EQUIVALENTS	\$ 188,832,063	1.6%							CORPORATE NOTES	\$114,051,192	2.55%
<b>CAPP Total</b>	<b>\$ 11,658,319,594</b>	<b>100.0%</b>	<b>Total</b>	<b>\$ 2,649,712,552</b>	<b>100.0%</b>	<b>State Fund Total</b>	<b>\$ 1,568,345,487</b>	<b>100.0%</b>	MONEY MARKET FUNDS	\$97,083,129	2.17%
									<b>STIP Total</b>	<b>\$4,480,448,825</b>	<b>100.0%</b>



Definition of NAV: Net Asset Value is the total value of the account including assets held, adjusted for payables, receivables and liabilities

(1) Other Holdings column on page two represents the value of securities, receivables, payables and liabilities that comprise the Net Asset Value for the asset owner.

\*Difference of \$217,313,639 is attributable the portion of STIP held within CAPP (\$141,615,981) and and TFIP (\$75,697,647) as a cash investment. Such value is represented in the NAV for the CAPP and STIP columns.

**MBOI Snapshot**  
**Asset Ownership View**  
**6/30/2020 Unaudited**



	CAPP Holdings	CAPP %	STIP Holdings*	STIP %	TFIP Holdings	TFIP %	Other Holdings <sup>1</sup>	Other %	Total Net Asset Value
Total Fund <sub>\$(000)</sub>	\$ 11,658,320	54.17%	\$ 4,263,135	19.81%	\$ 2,649,713	12.31%	\$ 2,951,854	13.71%	\$ 21,523,021
Pensions	CAPP	%	STIP	%	TFIP	%	Other	%	Total
FIREFIGHTER'S RETIREMENT	\$ 454,766	99.01%	\$ 4,565	0.99%	\$ -	0.00%	\$ -	0.00%	\$ 459,331
GAME WARDEN'S RETIREMENT	\$ 210,058	98.82%	\$ 2,512	1.18%	\$ -	0.00%	\$ -	0.00%	\$ 212,570
HIGHWAY PATROL RETIREMENT	\$ 149,443	98.80%	\$ 1,821	1.20%	\$ -	0.00%	\$ -	0.00%	\$ 151,265
JUDGE'S RETIREMENT	\$ 104,563	98.93%	\$ 1,127	1.07%	\$ -	0.00%	\$ -	0.00%	\$ 105,689
PUBLIC EMPLOYEES' RETIREMENT	\$ 5,775,115	98.95%	\$ 61,304	1.05%	\$ -	0.00%	\$ -	0.00%	\$ 5,836,419
SHERRIF'S RETIREMENT	\$ 379,308	98.92%	\$ 4,150	1.08%	\$ -	0.00%	\$ -	0.00%	\$ 383,458
POLICE RETIREMENT	\$ 429,315	99.02%	\$ 4,265	0.98%	\$ -	0.00%	\$ -	0.00%	\$ 433,580
TEACHER'S RETIREMENT	\$ 4,116,653	99.49%	\$ 20,958	0.51%	\$ -	0.00%	\$ -	0.00%	\$ 4,137,611
VOL. FIREMANS' RETIREMENT	\$ 39,098	98.09%	\$ 762	1.91%	\$ -	0.00%	\$ -	0.00%	\$ 39,860
Total	\$ 11,658,320	99.14%	\$ 101,464	0.86%	\$ -	0.00%	\$ -	0.00%	\$ 11,759,783
Trust Funds <sub>\$(000)</sub>	CAPP	%	STIP	%	TFIP	%	Other	%	Total
ABANDONED MINE TRUST	\$ -	0.00%	\$ 6,654	99.96%	\$ -	0.00%	\$ 3	0.04%	\$ 6,657
BARKER HUGHESVILLE ST RESPONSE	\$ -	0.00%	\$ 3,045	33.40%	\$ 6,057	66.44%	\$ 14	0.16%	\$ 9,117
BELT WATER TREATMENT PLANT	\$ -	0.00%	\$ 1,722	6.41%	\$ 25,069	93.38%	\$ 55	0.21%	\$ 26,846
BPA MITIGATION TRUST FUND	\$ -	0.00%	\$ 6,113	53.37%	\$ 5,327	46.51%	\$ 14	0.12%	\$ 11,455
BUTTE AREA ONE RESTORATION	\$ -	0.00%	\$ 1,482	19.51%	\$ 6,102	80.31%	\$ 14	0.18%	\$ 7,598
BUTTE SILVER BOW	\$ -	0.00%	\$ 1,553	10.55%	\$ 13,144	89.25%	\$ 29	0.20%	\$ 14,726
CLARK FORK RIVER RESTORATION	\$ -	0.00%	\$ 7,279	23.21%	\$ 24,020	76.61%	\$ 55	0.18%	\$ 31,354
CLARK FORK SITE RAA	\$ -	0.00%	\$ 6,000	7.90%	\$ 69,790	91.90%	\$ 154	0.20%	\$ 75,944
COAL TAX CULTURAL TRUST FUND	\$ -	0.00%	\$ 481	2.91%	\$ 16,047	96.88%	\$ 35	0.21%	\$ 16,563
COAL TAX PARK ACQUISITION	\$ -	0.00%	\$ 1,614	5.26%	\$ 29,044	94.54%	\$ 64	0.21%	\$ 30,722
EAST HELENA COMPENSATION	\$ -	0.00%	\$ 4,946	80.26%	\$ 1,211	19.66%	\$ 5	0.08%	\$ 6,162
ENDOWMENT FOR CHILDREN	\$ -	0.00%	\$ 1	0.05%	\$ 1,415	99.73%	\$ 3	0.22%	\$ 1,418
FLYING J CECRA FACILITIES FUND	\$ -	0.00%	\$ 873	33.03%	\$ 1,766	66.81%	\$ 4	0.16%	\$ 2,643
FWP REAL PROPERTY TRUST	\$ -	0.00%	\$ 467	6.19%	\$ 7,058	93.61%	\$ 15	0.21%	\$ 7,540
HAROLD HAMM ENDOWMENT	\$ -	0.00%	\$ 4	7.09%	\$ 47	92.71%	\$ 0	0.20%	\$ 50
LIBBY ASBESTOS SITE STATE COST	\$ -	0.00%	\$ 1,550	32.04%	\$ 3,280	67.80%	\$ 8	0.16%	\$ 4,838
LUTTRELL PIT - OPER & MAINT	\$ -	0.00%	\$ 826	35.25%	\$ 1,514	64.60%	\$ 4	0.16%	\$ 2,344
MONTANA HISTORICAL SOCIETY	\$ -	0.00%	\$ 566	13.77%	\$ 3,538	86.04%	\$ 8	0.19%	\$ 4,112
MONTANA POLE	\$ -	0.00%	\$ 7,650	26.14%	\$ 21,561	73.68%	\$ 50	0.17%	\$ 29,261
OLDER MONTANANS TRUST	\$ -	0.00%	\$ 31	2.96%	\$ 1,030	96.83%	\$ 2	0.21%	\$ 1,063
POTTER TRUST FUND	\$ -	0.00%	\$ 12	4.85%	\$ 236	94.94%	\$ 1	0.21%	\$ 249
RESOURCE INDEMNITY TRUST	\$ -	0.00%	\$ 23	0.02%	\$ 118,868	99.76%	\$ 257	0.22%	\$ 119,149
SMELTER HILL UP RESTORATIVE	\$ -	0.00%	\$ 2,356	23.51%	\$ 7,648	76.32%	\$ 18	0.18%	\$ 10,022
STREAMSIDE TAILINGS OPERABLE UNIT	\$ -	0.00%	\$ 2,000	10.25%	\$ 17,466	89.55%	\$ 39	0.20%	\$ 19,505
TOBACCO TRUST FUND	\$ -	0.00%	\$ 2,561	0.95%	\$ 267,265	98.84%	\$ 580	0.21%	\$ 270,407
TRUST AND LEGACY ACCOUNT	\$ -	0.00%	\$ -	0.00%	\$ 818,709	99.78%	\$ 1,776	0.22%	\$ 820,485
UCFRB ASSESS/LITIG COST REC.	\$ -	0.00%	\$ 1,839	8.37%	\$ 20,084	91.43%	\$ 44	0.20%	\$ 21,968
UCFRB RESTORATION FUND	\$ -	0.00%	\$ 4,753	5.53%	\$ 81,010	94.26%	\$ 178	0.21%	\$ 85,941
UPPER BLACKFOOT RESPONSE	\$ -	0.00%	\$ 1,570	88.91%	\$ 194	11.01%	\$ 1	0.08%	\$ 1,766
WEED CONTROL TRUST	\$ -	0.00%	\$ 0	0.00%	\$ 11,580	99.78%	\$ 25	0.22%	\$ 11,605
WILDLIFE HABITAT TRUST	\$ -	0.00%	\$ 1,074	6.69%	\$ 14,951	93.11%	\$ 33	0.20%	\$ 16,058
Z/L LT H2O TRUST FD	\$ -	0.00%	\$ 20,281	99.96%	\$ -	0.00%	\$ 9	0.04%	\$ 20,290
ZORTMAN/LANDUSKY LT H2O	\$ -	0.00%	\$ 15,594	99.96%	\$ -	0.00%	\$ 7	0.04%	\$ 15,601
Total	\$ -	0.00%	\$ 104,921	6.16%	\$ 1,595,031	93.63%	\$ 3,505	0.21%	\$ 1,703,457
Coal Severance <sub>\$(000)</sub>	CAPP	%	STIP	%	TFIP	%	Other	%	Total
BIG SKY ECON DEV FD	\$ -	0.00%	\$ 2,493	1.95%	\$ 125,274	97.84%	\$ 272	0.21%	\$ 128,039
PERMANENT COAL TRUST FUND	\$ -	0.00%	\$ 20,470	3.44%	\$ 367,642	61.86%	\$ 206,216	34.70%	\$ 594,328
SCHOOL FACILITIES FUND	\$ -	0.00%	\$ 3,201	5.14%	\$ 58,930	94.65%	\$ 129	0.21%	\$ 62,260
TREASURE ST. REG. WATER SYSTEM	\$ -	0.00%	\$ 1,192	1.13%	\$ 104,032	98.66%	\$ 226	0.21%	\$ 105,450
TREASURE STATE ENDOWMENT	\$ -	0.00%	\$ 3,235	1.06%	\$ 300,324	98.69%	\$ 762	0.25%	\$ 304,321
Total	\$ -	0.00%	\$ 30,590	2.56%	\$ 956,202	80.06%	\$ 207,606	17.38%	\$ 1,194,398
Operating Funds <sub>\$(000)</sub>	CAPP	%	STIP	%	TFIP	%	Other	%	Total
FWP LICENSE ACCOUNT	\$ -	0.00%	\$ 47,877	83.45%	\$ 7,440	12.97%	\$ 2,053	3.58%	\$ 57,371
LOCAL AGENCIES	\$ -	0.00%	\$ 1,703,260	99.95%	\$ -	0.00%	\$ 780	0.05%	\$ 1,704,040
MONTANA STATE UNIVERSITY	\$ -	0.00%	\$ 146,061	88.91%	\$ 18,105	11.02%	\$ 113	0.07%	\$ 164,279
MT TECH-UM AGENCY FUNDS	\$ -	0.00%	\$ 10,731	95.45%	\$ 505	4.49%	\$ 6	0.05%	\$ 11,242
STATE AGENCIES	\$ -	0.00%	\$ 424,800	99.94%	\$ -	0.00%	\$ 265	0.06%	\$ 425,065
TREASURER'S FUND	\$ -	0.00%	\$ 1,448,244	54.74%	\$ -	0.00%	\$ 1,197,258	45.26%	\$ 2,645,501
UNIV OF MONTANA	\$ -	0.00%	\$ 9,270	19.70%	\$ 32,625	69.33%	\$ 5,162	10.97%	\$ 47,057
Total	\$ -	0.00%	\$ 3,790,243	74.99%	\$ 58,675	1.16%	\$ 1,205,636	23.85%	\$ 5,054,554
Insurance Reserves <sub>\$(000)</sub>	CAPP	%	STIP	%	TFIP	%	Other	%	Total
MUS WORKERS COMPENSATION	\$ -	0.00%	\$ 10,905	71.02%	\$ 4,435	28.89%	\$ 15	0.10%	\$ 15,355
PERS DEFINED CONT DISABILITY	\$ -	0.00%	\$ 467	8.14%	\$ -	0.00%	\$ 5,271	91.86%	\$ 5,738
STATE FUND INSURANCE	\$ -	0.00%	\$ 43,220	2.76%	\$ -	0.00%	\$ 1,525,125	97.24%	\$ 1,568,345
SUBSEQUENT INJURY FUND	\$ -	0.00%	\$ 486	99.95%	\$ -	0.00%	\$ 0	0.05%	\$ 486
GROUP BENEFITS	\$ -	0.00%	\$ 98,251	80.49%	\$ 21,207	17.37%	\$ 2,608	2.14%	\$ 122,066
MUS GROUP INSURANCE	\$ -	0.00%	\$ 82,587	83.56%	\$ 14,162	14.33%	\$ 2,088	2.11%	\$ 98,837
Total	\$ -	0.00%	\$ 235,916	13.03%	\$ 39,804	2.20%	\$ 1,535,108	84.77%	\$ 1,810,829
Short Term Investment Pool					Intercap Statistics				
Account	# Accounts	Total Market Value		%					
Total State	347	2,777,189,020.78		62.0%	Loans Outstanding \$ 69,002,636				
Total Local	173	1,703,259,804.26		38.0%	Bonds Outstanding \$ 90,670,000				
Total STIP	520	\$ 4,480,448,825		100.0%	Number of Borrowers 163				
STIP Reserve		\$ 52,563,051			Loan Rate 1.00%				
Average June 2020 STIP Yield 0.5369%									

## 65010 Department of Commerce Standard Budget Summary By Org, Account

Data Selected for Month/FY: 00 (Beg)/2020 through 12 (Jun)/2020

BOI FYE 2020 08/03/2020

Subclass	Fund	Acct Lvl 1	Acct Lvl 2	Standard Budget	Actuals Amt	A Accrual Amt	Balance
<b>765N1 INVESTMENTS DIVISION - HB576</b>				<b>7,526,597.00</b>	<b>6,940,670.86</b>	<b>61,389.08</b>	<b>524,537.06</b>
	<b>06014 BOI Municipal Finance Programs</b>			<b>627,236.00</b>	<b>553,783.34</b>	<b>12,277.82</b>	<b>61,174.84</b>
		<b>61000 Personal Services</b>		<b>435,606.00</b>	<b>387,347.68</b>	<b>0.00</b>	<b>48,258.32</b>
			61100 Salaries	324,613.00	287,862.71	0.00	36,750.29
			61300 Other Compensation	2,810.00	2,730.00	0.00	80.00
			61400 Employee Benefits	116,818.00	96,754.97	0.00	20,063.03
			61600 Vacancy Savings	(8,635.00)	0.00	0.00	(8,635.00)
		<b>62000 Operating Expenses</b>		<b>191,259.55</b>	<b>166,065.21</b>	<b>12,277.82</b>	<b>12,916.52</b>
			62100 Other Services	58,653.00	38,053.11	0.00	20,599.89
			62200 Supplies & Materials	6,320.00	5,919.70	12,277.82	(11,877.52)
			62300 Communications	9,521.00	8,172.14	0.00	1,348.86
			62400 Travel	4,280.00	2,536.92	0.00	1,743.08
			62500 Rent	53,212.55	52,403.82	0.00	808.73
			62700 Repair & Maintenance	325.00	212.70	0.00	112.30
			62800 Other Expenses	58,948.00	58,766.82	0.00	181.18
		<b>69000 Debt Service</b>		<b>370.45</b>	<b>370.45</b>	<b>0.00</b>	<b>0.00</b>
			69300 Capital Leases	370.45	370.45	0.00	0.00
	<b>06527 Investment Division</b>			<b>6,899,361.00</b>	<b>6,386,887.52</b>	<b>49,111.26</b>	<b>463,362.22</b>
		<b>61000 Personal Services</b>		<b>3,812,930.00</b>	<b>3,701,976.12</b>	<b>0.00</b>	<b>110,953.88</b>
			61100 Salaries	3,045,414.00	2,893,458.49	0.00	151,955.51
			61300 Other Compensation	11,160.00	10,920.00	0.00	240.00
			61400 Employee Benefits	833,371.00	797,597.63	0.00	35,773.37
			61600 Vacancy Savings	(77,015.00)	0.00	0.00	(77,015.00)
		<b>62000 Operating Expenses</b>		<b>3,084,702.22</b>	<b>2,683,182.62</b>	<b>49,111.26</b>	<b>352,408.34</b>
			62100 Other Services	1,965,011.00	1,783,211.69	0.00	181,799.31
			62200 Supplies & Materials	31,366.00	29,622.17	49,111.26	(47,367.43)
			62300 Communications	42,463.00	42,046.00	0.00	417.00
			62400 Travel	233,788.00	82,012.91	0.00	151,775.09
			62500 Rent	206,709.22	183,310.74	0.00	23,398.48
			62700 Repair & Maintenance	1,068.00	944.30	0.00	123.70
			62800 Other Expenses	604,297.00	562,034.81	0.00	42,262.19
		<b>69000 Debt Service</b>		<b>1,728.78</b>	<b>1,728.78</b>	<b>0.00</b>	<b>0.00</b>
			69300 Capital Leases	1,728.78	1,728.78	0.00	0.00
<b>765N3 LEGISLATIVE AUDIT (RST/BIEN)</b>				<b>105,198.00</b>	<b>66,610.48</b>	<b>0.00</b>	<b>38,587.52</b>
	<b>06014 BOI Municipal Finance Programs</b>			<b>21,040.00</b>	<b>13,322.10</b>	<b>0.00</b>	<b>7,717.90</b>
		<b>62000 Operating Expenses</b>		<b>21,040.00</b>	<b>13,322.10</b>	<b>0.00</b>	<b>7,717.90</b>
			62100 Other Services	21,040.00	13,322.10	0.00	7,717.90
	<b>06527 Investment Division</b>			<b>84,158.00</b>	<b>53,288.38</b>	<b>0.00</b>	<b>30,869.62</b>
		<b>62000 Operating Expenses</b>		<b>84,158.00</b>	<b>53,288.38</b>	<b>0.00</b>	<b>30,869.62</b>
			62100 Other Services	84,158.00	53,288.38	0.00	30,869.62
<b>765S1 MEDB DEBT SERVICE - SA</b>				<b>3,033,115.00</b>	<b>2,080,451.38</b>	<b>0.00</b>	<b>952,663.62</b>
	<b>06014 BOI Municipal Finance Programs</b>			<b>3,033,115.00</b>	<b>2,080,451.38</b>	<b>0.00</b>	<b>952,663.62</b>
		<b>62000 Operating Expenses</b>		<b>17,000.00</b>	<b>72,469.37</b>	<b>0.00</b>	<b>(55,469.37)</b>
			62800 Other Expenses	17,000.00	72,469.37	0.00	(55,469.37)
		<b>69000 Debt Service</b>		<b>3,016,115.00</b>	<b>2,007,982.01</b>	<b>0.00</b>	<b>1,008,132.99</b>
			69100 Bonds	3,016,115.00	2,007,982.01	0.00	1,008,132.99
<b>Grand Total</b>				<b>10,664,910.00</b>	<b>9,087,732.72</b>	<b>61,389.08</b>	<b>1,515,788.20</b>





## Budget FY21

Subcl	ass	Fund	Acct Lvl 1	Acct Lvl 2	FY21 Budget
	765N1		INVESTMENTS DIVISION - HB576		7,616,457.00
			06014 BOI Municipal Finance Programs		655,560.00
			61000 Personal Services		460,299.00
				61100 Salaries	340,154.00
				61300 Other Compensation	2,060.00
				61400 Employee Benefits	126,736.00
				61600 Vacancy Savings	(8,651.00)
			62000 Operating Expenses		195,261.00
				62100 Other Services	111,456.00
				62200 Supplies & Materials	6,320.00
				62300 Communications	2,521.00
				62400 Travel	4,280.00
				62500 Rent	15,583.00
				62700 Repair & Maintenance	75.00
				62800 Other Expenses	55,026.00
			06527 Investment Division		6,960,897.00
			61000 Personal Services		3,871,834.00
				61100 Salaries	3,081,933.00
				61300 Other Compensation	7,960.00
				61400 Employee Benefits	858,892.00
				61600 Vacancy Savings	(76,951.00)
			62000 Operating Expenses		3,089,063.00
				62100 Other Services	1,966,125.00
				62200 Supplies & Materials	28,366.00
				62300 Communications	34,963.00
				62400 Travel	241,328.00
				62500 Rent	208,438.00
				62700 Repair & Maintenance	1,068.00
				62800 Other Expenses	608,775.00
	765N3		LEGISLATIVE AUDIT (RST/BIEN)		0.00
			06014 BOI Municipal Finance Programs		
			62000 Operating Expenses		0.00
				62100 Other Services	0.00
			06527 Investment Division		
			62000 Operating Expenses		0.00
				62100 Other Services	0.00
	765S1		MEDB DEBT SERVICE - SA		3,235,394.00
			06014 BOI Municipal Finance Programs		
			62000 Operating Expenses		0.00
				62800 Other Expenses	0.00
			69000 Debt Service		3,235,394.00
				69100 Bonds	3,235,394.00
Grand Total					10,851,851.00



## 2023 Biennium Budget Proposal

Subclass	Fund	Acct Lvl 1	Acct Lvl 2	FY22 Budget	FY23 Budget	Biennium
765N1	INVESTMENTS DIVISION - HB576			7,859,820.83	8,191,067.50	16,050,888.33
	06014	BOI Municipal Finance Programs		675,226.80	695,483.60	1,370,710.40
		61000	Personal Services	474,107.97	488,331.21	962,439.18
			61100 Salaries	350,358.62	360,869.38	711,228.00
			61300 Other Compensation	2,121.80	2,185.45	4,307.25
			61400 Employee Benefits	130,538.08	134,454.22	264,992.30
			61600 Vacancy Savings	(8,910.53)	(9,177.85)	(18,088.38)
		62000	Operating Expenses	201,118.83	207,152.39	408,271.22
			62100 Other Services	114,799.68	118,243.67	233,043.35
			62200 Supplies & Materials	6,509.60	6,704.89	13,214.49
			62300 Communications	2,596.63	2,674.53	5,271.16
			62400 Travel	4,408.40	4,540.65	8,949.05
			62500 Rent	16,050.49	16,532.00	32,582.49
			62700 Repair & Maintenance	77.25	79.57	156.82
			62800 Other Expenses	56,676.78	58,377.08	115,053.86
	06527	Investment Division		7,184,594.03	7,495,583.90	14,680,177.93
		61000	Personal Services	4,095,531.03	4,218,396.96	8,313,927.99
			61100 Salaries	3,281,933.00	3,380,390.99	6,662,323.99
			61300 Other Compensation	8,198.80	8,444.76	16,643.56
			61400 Employee Benefits	884,658.76	911,198.52	1,795,857.28
			61600 Vacancy Savings	(79,259.53)	(81,637.32)	(160,896.85)
		62000	Operating Expenses	3,089,063.00	3,277,186.94	6,366,249.94
			62100 Other Services	2,025,108.75	2,085,862.01	4,110,970.76
			62200 Supplies & Materials	29,216.98	30,093.49	59,310.47
			62300 Communications	36,011.89	37,092.25	73,104.14
			62400 Travel	248,567.84	256,024.88	504,592.72
			62500 Rent	214,691.14	221,131.87	435,823.01
			62700 Repair & Maintenance	1,100.04	1,133.04	2,233.08
			62800 Other Expenses	627,038.25	645,849.40	1,272,887.65
765N3	LEGISLATIVE AUDIT (RST/BIEN)			108,353.94	0.00	108,353.94
	06014	BOI Municipal Finance Programs				
		62000	Operating Expenses	21,671.20	0.00	21,671.20
			62100 Other Services	21,671.20	0.00	21,671.20
	06527	Investment Division				
		62000	Operating Expenses	86,682.74	0.00	86,682.74
			62100 Other Services	86,682.74	0.00	86,682.74
765S1	MEDB DEBT SERVICE - SA			3,235,394.00	3,235,394.00	6,470,788.00
	06014	BOI Municipal Finance Programs				
		62000	Operating Expenses	0.00	0.00	-
			62800 Other Expenses	0.00	0.00	-
		69000	Debt Service	3,235,394.00	3,235,394.00	6,470,788.00
			69100 Bonds	3,235,394.00	3,235,394.00	6,470,788.00
Grand Total				11,203,568.77	11,426,461.50	22,630,030.27

## **SALE AND PURCHASE AGREEMENT**

THIS SALE AND PURCHASE AGREEMENT ("Agreement") is made this \_\_\_\_ day of \_\_\_\_\_, 2020, by and between **TEACHERS' RETIREMENT SYSTEM OF THE STATE OF MONTANA** ("Seller"), 1500 E. 6<sup>th</sup> Ave., Helena, MT 59601, and **MONTANA BOARD OF INVESTMENTS** ("Buyer"), an agency of the government of the State of Montana established pursuant to Mont. Code Ann. § 2-15-1808 ("MBOI"), P.O. Box 200126, Helena, MT 59620-0126.

### **RECITALS**

**WHEREAS**, Seller is the owner of that certain real property located at 1500 E. 6<sup>th</sup> Ave., Helena, Montana, and more particularly described as follows:

Lots 1, 2, 3, 4, 5 and 6 of Block 3 of the Corbin Addition to the City of Helena, Montana. (Geocode 05-1888-32-2-41-01-0000) (the "Property"); and

**WHEREAS**, the Property is presently subject to one or more leases to tenants occupying all or part of the Property (the "Leases"), as listed and described on Exhibit A, attached hereto and incorporated herein by reference; and

**WHEREAS**, Seller wishes to sell and Buyer wishes to buy the Property subject and according to the terms, agreements, conditions, representations and warranties provided in this Agreement; and

**WHEREAS**, Seller wishes to assign to Buyer and Buyer is willing to assume the Leases, subject and according to the terms, agreements, conditions, representations and warranties provided in this Agreement.

### **AGREEMENT**

**NOW, THEREFORE**, in consideration of the terms, agreements, conditions, representations and warranties provided herein, the sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Incorporation of Recitals.** The foregoing Recitals are incorporated into and made a part of this Agreement as if set forth fully herein.
2. **Sale and Purchase of Property; Purchase Price.** Seller agrees to sell and Buyer agrees to purchase the Property upon the terms and conditions set forth herein for a purchase price of One Million Four Hundred Ten Thousand Dollars (\$1,410,000.00) (the "Purchase Price"), payable by Buyer to Seller at Closing.

3. **Legal Description.** The legal description of the Property as set forth herein shall be deemed amended as necessary to conform to the final property description set forth in the Title Commitment obtained pursuant to Paragraph 7.

4. **Personal Property.** The Property subject to sale and purchase under this Agreement does not include any personal property or trade fixtures of Seller on or in the premises.

5. **Appraisal.** Seller represents that it has provided the Buyer with a true, correct and complete copy of the July 2, 2020 Appraisal Report for the Property, prepared by Tim J. Moore, Certified General Appraiser, regarding an appraisal of the Property as June 30, 2020. Buyer hereby acknowledges receipt of the same.

6. **Environmental Representations and Indemnification.**

(a) *Transferor Representations.* Seller hereby represents Buyer that to its actual knowledge, except as disclosed to Buyer in writing prior to Closing: (i) during the period of Seller's ownership of the Property through the date of Closing, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Materials or any Hazardous Materials Contamination by any person on, under, about or from any of the Property, other than Hazardous Materials which are present, stored, handled or used in Seller's ordinary course of business and in compliance with all applicable laws, including Hazardous Materials Laws; and (ii) Seller has no actual knowledge of, or reason to believe that there has been (A) any breach or violation of any Hazardous Materials Laws involving the Property; (B) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Materials or any Hazardous Materials Contamination on, under, about or from the Property by any prior owners or occupants of any of the Property; (C) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Materials or any Hazardous Materials Contamination on, under, about or from any property adjoining the Property; (D) any underground storage tanks or underground storage tank systems located under or on the Property; or (E) any actual or threatened litigation or claims of any kind by any person relating to such matters.

(b) *Indemnification; Release and Waiver of Certain Claims.* Except to the extent of Buyer's gross negligence or willful misconduct, Seller hereby (i) releases and waives any future claims against Buyer for indemnity or contribution in the event Seller becomes liable for cleanup or other costs under any Hazardous Materials Laws, and (ii) agrees to indemnify, defend, and hold harmless Buyer from and against any and all fines, claims, losses, liabilities, damages, settlements, judgments, penalties, costs, expenses, attorney, expert and consultant fees, and actions of any kind (including without limitation, administrative or court investigative, enforcement, cleanup, remediation and restoration proceedings) which Buyer directly or indirectly sustains or suffers resulting from the representations in Subparagraph 6(a) being untrue as of the date of Closing. The provisions of Subparagraphs (a) through (d) of this Paragraph 6 including the obligation to indemnify and defend, shall survive Closing.

(c) *Notification.* Buyer shall notify Seller in writing within ten (10) days if any action or proceeding involving a liability indemnified against by Subparagraph (b) of this

Paragraph 6 is brought against Buyer. Seller, at its own cost and expense, may, and upon written demand from Buyer, shall assume the defense of such action or proceeding including the employment of counsel, who shall be counsel satisfactory to Buyer, as applicable, or its officers, employees or agents, as the case may be. Buyer and its officers, employees or agents may employ separate counsel in any such action and participate in the defense thereof. In that event, the fees and expenses of the separate counsel shall be the responsibility of such indemnitee. Seller will not be liable to indemnify any person or entity for the settlement of any action made without its consent; provided, however, that the omission to notify Transferor as herein provided will not relieve Seller from any liability which it may have to any indemnified party pursuant hereto except to the extent such omission materially prejudices the interests of Seller.

(d) As used in this Paragraph 6, the following definitions shall apply:

(i) “Hazardous Materials Laws” means all federal, state, and local laws, ordinances, regulations, standards, rules, policies and other governmental requirements, rules of common law (including, without limitation, nuisance and trespass), consent orders, administrative rulings, court judgments and decrees or other government directives, in effect now or in the future and including all amendments, that relate to Hazardous Materials or to the protection or conservation of the environment or human health and apply to Borrower or to the Mortgaged Property, including, without limitation, those relating to industrial hygiene, or the use, analysis, generation, manufacture, storage, discharge, release, disposal, transportation, treatment, investigation, or remediation of Hazardous Materials. Hazardous Materials Laws include, but are not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., the Toxic Substance Control Act, 15 U.S.C. Section 2601, et seq., the Clean Water Act, 33 U.S.C. Section 1251, et seq., and the Hazardous Materials Transportation Act, 49 U.S.C. Section 5101, et seq., the Superfund Amendments and Reauthorization Act, the Solid Waste Disposal Act, the Clean Air Act, the Occupational Safety and Health Act, and any state and local counterparts and equivalents, including but not limited to the Montana Hazardous Waste and Underground Storage Tank Act, MCA §75-10-401, et seq., and the Montana Comprehensive Environmental Cleanup and Responsibility Act, MCA § 75-10-701, et seq.

(ii) “Hazardous Materials” means petroleum and petroleum products and compounds containing them, including gasoline, diesel fuel and oil; explosives; flammable materials; radioactive materials; polychlorinated biphenyls (“PCBs”) and compounds containing them; lead and lead-based paint; asbestos or asbestos-containing materials in any form that is or could become friable; underground or above-ground storage tanks, whether empty or containing any substance; radon; Mold; toxic or mycotoxin spores; any substance the presence of which on the Property is prohibited by any federal, state or local authority; any substance that requires special handling; and any other chemical, material or substance (whether or not naturally occurring) now or in the future (i) that is defined as a “hazardous substance,” “hazardous material,” “hazardous waste,” “hazardous chemical,” “toxic substance,” “toxic pollutant,” “solid waste”, “pesticide”, “contaminant,” or “pollutant”, or otherwise classified as hazardous or toxic by or within the meaning of any Hazardous Materials Law, or (ii) the presence, collection, storage, use, generation, manufacturing, treatment, transportation, disturbance, disposal or exposure to or of

which is prohibited, limited or regulated in any way by or within the meaning of any Hazardous Materials Law.

(iii) “Hazardous Materials Contamination” means the contamination (whether presently existing or occurring after the date of this Agreement) of the Improvements, facilities, soil, ground water, air or other elements on, or of, the Property by Hazardous Materials, or the contamination (whether before or after the date of this Trust Indenture) of the Improvements, facilities, soil, ground water, air or other elements on, or of, any other property as a result of Hazardous Materials at any time emanating from the Property.

7. **Title Evidence.** Within a reasonable time after execution of this Agreement, Seller shall furnish to Buyer title evidence in the form of a commitment from an American Land Title Association (“ALTA”) title insurer (“Title Commitment”) for a standard owner’s policy of title insurance in the amount of the purchase price, showing that Seller’s title is free and clear of liens, encumbrances, and title defects, excepting the usual printed exceptions contained in the Title Commitment and the items specifically excepted in Paragraph 26. Buyer may purchase additional owners’ title insurance coverage, such as “Extended Coverage” or “Enhanced Coverage,” at Buyer’s sole cost and expense.

Title to the Property shall be deemed satisfactory in all respects if Buyer does not provide Seller written notice of Buyer’s objection to Seller’s title or to any item disclosed in the Title Commitment, within ten (10) days after receipt of the Title Commitment. If Buyer objects to Seller’s title or to any item disclosed by the Title Commitment, Seller shall proceed with reasonable diligence at Seller’s expense to correct such item(s) within ten (10) days after Seller’s receipt of written notification of Buyer’s objection(s). If Seller is unable to cure or remove any such objections specified in the written notice, then this Agreement may be terminated without further obligation at the option of either party by written notice to the other party.

Within a reasonable time after Closing, Seller shall cause, at Seller’s expense, a standard owner’s policy of title insurance to be issued to Buyer in accordance with the terms of this Paragraph.

8. **Buyer’s Inspection.** Buyer may acquire, at Buyer’s sole expense, independent inspections or investigations of or advice from qualified inspectors or advisors of Buyer’s choice regarding the Property. Buyer agrees that any inspections or investigations undertaken by Buyer or on Buyer’s behalf shall not damage or destroy the Property, without the prior written consent of Seller. Further, Buyer agrees to return the Property to its original condition and to indemnify Seller from any damage or destruction to the Property caused by the Buyer’s inspections or investigations. Buyer may notify Seller and provide Seller with copies of all reports of such inspections and investigations, and may request that Seller correct other items identified in the inspection or investigation, but Seller shall not be required to do so. In the event Seller chooses not to correct items requested by Buyer and identified in the inspection or investigation, Buyer may terminate this Agreement upon written notice to Seller, which notice must be provided to Seller within thirty (30) days of execution of this Agreement. Unless Buyer provides Seller with notice of termination in accordance with this paragraph, Buyer shall be deemed to have waived such termination right.

9. **Property Sold “As Is.”** Unless otherwise specifically set forth in this Agreement or the Warranty Deed delivered at Closing, Seller makes no representations or warranties to Buyer with regard to the Property, and said Property is being accepted by Buyer “AS IS” and “WHERE IS.” Buyer, as of Closing, shall have had sufficient opportunity to conduct and shall have conducted any and all desired independent investigations and inspections of the Property. The parties agree that Buyer is relying solely on Buyer’s independent inspections and investigations in the purchase of the Property, and Buyer is not relying on any warranties or representations of Seller except as specifically set forth in this Agreement or the Warranty Deed delivered at Closing. Buyer is satisfied in all respects with the condition of the Property and agrees that, except as otherwise specifically set forth herein, there are no other agreements, verbal or otherwise, between or among the parties with regard to the Property.

10. **DISCLAIMER OF IMPLIED WARRANTIES:** ANY WARRANTIES THAT MAY OTHERWISE BE IMPLIED UNDER APPLICABLE LAW, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTY AS TO HABITABILITY OR THE FITNESS OF THE PROPERTY FOR ANY PARTICULAR PURPOSE, ARE HEREBY DISCLAIMED BY SELLER. UPON OCCURRENCE OF THE CLOSING BUYER SHALL BE DEEMED TO HAVE MADE OR WAIVED ALL INSPECTIONS AND INVESTIGATIONS OF THE PROPERTY WHICH BUYER BELIEVES ARE NECESSARY TO PROTECT ITS OWN INTERESTS IN, AND CONTEMPLATED USE OF, THE PROPERTY. BUYER ACKNOWLEDGES THAT THE PROVISIONS OF THIS PARAGRAPH HAVE BEEN REQUIRED BY SELLER AND ARE A MATERIAL INDUCEMENT WITHOUT WHICH SELLER WOULD NOT ENTER INTO THE TRANSACTION WITH BUYER CONTEMPLATED BY THIS AGREEMENT. THE STATEMENTS AND DISCLAIMERS MADE IN THIS PARAGRAPH SHALL EXPRESSLY SURVIVE THE CLOSING OF THE PURCHASE AND SALE TRANSACTION PROVIDED FOR IN THIS AGREEMENT.

11. **Seller’s Representation and Warranties.** Seller hereby represents and warrants to Buyer, which representations and warranties shall be true as of the Closing Date, as follows:

- (a) Seller is duly organized, validly existing and in good standing under the laws of the State of Montana. Seller has full power and authority to enter into this Agreement and carry out the transactions contemplated by this Agreement. The persons signing this Agreement on behalf of Seller have the right, legal power and actual authority to bind Seller to the terms and conditions of this Agreement.
- (b) To the actual knowledge of Seller, there are no unrecorded liens, financing statements, encumbrances or agreements (other than the Leases) affecting the Property that will survive the Closing, Seller has committed no acts which would result in the creation of such liens, financing statements, encumbrances or agreements affecting the Property, and no work has been done on, and no materials have been furnished to, the Property for which full payment has not been made and for which a lien could be filed against the Property.

- (c) The performance by Seller of Seller's obligations hereunder will not violate or constitute an event of default under the terms or provisions of any agreement, document or instrument to which Seller is a party or by which Seller is bound and which would materially adversely affect the ability of Seller to perform its obligations under this Agreement.
- (d) The execution and delivery of this Agreement by the undersigned representative of Seller, and the transactions provided for herein, have been duly approved and authorized by resolution of the Governing Body of Seller adopted at a duly noticed meeting of the Governing Body at which a quorum was present.
- (e) Seller has not received notice of any violation of any applicable regulation, law or order relating in any material respect to the Property.
- (f) To Seller's actual knowledge, there is no legal action, suit, arbitration, governmental investigation or other legal or administrative proceeding, or any order, decree or judgment in progress, pending or in effect that would prohibit or prevent the consummation and closing of the sale and purchase, and Seller does not know or have any reason to be aware of any basis for the same.

12. **Buyer's Representations and Warranties.** Buyer hereby represents and warrants to Seller, which representations and warranties shall be true as of the Closing Date, as follows:

- (a) To Buyer's actual knowledge, there is no legal action, suit, arbitration, governmental investigation or other legal or administrative proceeding, or any order, decree or judgment in progress, pending or in effect that would prohibit or prevent the consummation and closing of the sale and purchase, and Buyer does not know or have any reason to be aware of any basis for the same.
- (b) The performance by Buyer of Buyer's obligations hereunder will not violate or constitute an event of default under the terms or provisions of any agreement, document or instrument to which Buyer is a party or by which Buyer is bound and which would materially adversely affect the ability of Buyer to perform its obligations under this Agreement.
- (c) The execution and delivery of this Agreement by the undersigned representative of Buyer, and the transactions provided for herein, have been duly approved and authorized by resolution of the Governing Body of Buyer adopted at a duly noticed meeting of the Governing Body at which a quorum was present.
- (d) To Buyer's actual knowledge, there is no legal action, suit, arbitration, governmental investigation or other legal or administrative proceeding, or any order, decree or judgment in progress, pending or in effect that would prohibit or prevent the consummation and closing of the sale and purchase, and Buyer does not know or have any reason to be aware of any basis for the same.



13. **Conditions Precedent to Seller's Obligation to Close.** The obligations of Seller to consummate and Close the purchase and sale are subject to the satisfaction of the following conditions as of Closing, and if the following conditions are not fully satisfied as of Closing, then Seller shall not be obligated to consummate and Close the purchase and sale, and Seller shall have no further liability to Buyer:

- (a) At the Closing Date, all of Buyer's representations and warranties set forth herein shall be true and correct, and Buyer shall have fully performed each covenant required to be performed by it hereunder.
- (b) Buyer shall have delivered to the Closing Agent a certified copy of the Resolution of the Buyer's Governing Body approving and authorizing execution and delivery of this Agreement by the undersigned representative of Buyer, and the transactions provided for herein, as described in Paragraph 11(c).
- (c) Buyer has delivered to the Closing Agent the full Purchase Price in cash or immediately available cash equivalent.

14. **Conditions Precedent to Buyer's Obligation to Close.** The obligations of Buyer to consummate and Close the purchase and sale are subject to the satisfaction of the following conditions as of Closing, and if the following conditions are not fully satisfied as of Closing, then Buyer shall not be obligated to consummate and Close the purchase and sale, and Buyer shall have no further liability to Seller:

- (a) At the Closing Date, all of Seller's representations and warranties set forth herein shall be true and correct, and Seller shall have fully performed each covenant required to be performed by it hereunder.
- (b) On the Closing Date, there shall not exist, or Seller shall have delivered or arranged to be delivered to the Closing Agent all documents necessary to remove or release, any encumbrance or title defect affecting the Property not permitted pursuant to this Agreement.
- (c) The Property shall not have been destroyed or condemned, in whole or in part, at any time on or prior to Closing.
- (d) Any Seller corrections requested by Buyer pursuant to Paragraph \_\_ and agreed to by Seller in writing, shall be completed to Buyer's satisfaction.
- (d) Seller has delivered to the Closing Agent a certified copy of the Resolution of the Seller's Governing Body approving and authorizing execution and delivery of this Agreement by the undersigned representative of Seller, and the transactions provided for herein, as described in Paragraph 10(d).

- (e) Seller has executed and delivered to the Closing Agent the Seller's Estoppel Certificate in the form attached hereto as Exhibit C certifying that tenant(s) have fully performed (or upon Closing and delivery of funds as provided in the Closing Agent's Settlement Statement approved by Seller and Buyer) all of its obligations, including payment of all monetary obligations, under the Leases, through and including the date of Closing.
- (f) Seller has delivered to the Closing Agent the Tenant's Estoppel Certificate(s) in the form attached hereto as Exhibit D certifying that Seller, as Landlord, has fully performed (or upon Closing and delivery of funds as provided in the Closing Agent's Settlement Statement approved by Seller and Buyer) all of its obligations, including payment of all monetary obligations, under the Leases, through and including the date of Closing.

15. **Risk of Loss.** Risk of loss to any portion of the Property shall remain with Seller until Closing, subject to the terms of any applicable lease and the insurance requirements thereof. Immediately upon the completion of Closing, all risk of loss or damage to any portion of the Property shall be assumed, held and borne by Buyer, subject to any and all continuing obligations, representations and warranties of Seller.

16. **Tax consequences.** Buyer acknowledges and agrees that Seller, its agents and representatives have made and make no representations or warranties to Buyer with respect to the tax consequences of the sale and purchase and other transactions contemplated under this Agreement. Buyer is hereby advised to consult with its own tax advisor(s) with respect to any tax consequences of the sale and purchase and other transactions contemplated hereunder, and Buyer acknowledges and agrees that Buyer has entered into this Agreement and such transactions solely in reliance upon the advice of Buyer's tax advisor(s).

17. **Assignment of Leases.** Seller shall assign to Buyer, and Buyer shall assume, as of the Closing Date all of the Leases in effect at the Closing Date (such Leases being listed in Exhibit A) and Buyer shall indemnify Seller with respect to all Lessor obligations and liabilities under such leases arising after Closing, in the form attached hereto as Exhibit E. Seller shall be entitled to all rents and obligated for all operating expenses accruing or incurred under or with respect to the Leases prior to the Closing Date. Buyer shall be entitled to all rents and shall be responsible for all operating expenses accruing or incurred under or with respect to the Leases from and after the Closing Date. The Seller shall further convey to Buyer any and all security deposits, prepaid rents, property condition reports and other documentation relating to the Leases. Seller shall cooperate reasonably with Buyer in notifying tenants under the Leases of the sale of the lease premises to Buyer.

Seller shall obtain from each tenant under the Leases and deliver at or before Closing executed Tenant Estoppel Certificates in the form attached hereto as Exhibit D certifying that each of the Leases is in full force and effect, that each tenant under the Leases is current in payment of rent and is not otherwise in default, that Seller has performed all of its obligations as Landlord under each of the Leases, that there are no pending suits, claims or demands by any such tenant against Seller regarding the Landlord's duties or obligations under any of the Leases, and that no such tenant has exercised or attempted to exercise any rights of setoff of rent by reason of an alleged default by Seller as Landlord under any of the Leases.

Seller shall execute and deliver at or before Closing its Seller's Estoppel Certificate in the form attached hereto as Exhibit C certifying that Tenant(s) under the Leases have fully performed (or upon Closing and delivery of funds as provided in the Closing Agent's Settlement Statement approved by Seller and Buyer will have fully performed) all of its obligations, including payment of all monetary obligations, as Tenant, under the Leases, through and including the date of Closing.

18. **Parking Agreement.** Parking for the building located on the Property currently includes use of the parking lot of the State of Montana property adjacent to the Property pursuant to a verbal agreement. Seller agrees to cooperate with Buyer in seeking a formal written agreement with the owner of such parking lot for ongoing use of such parking area for tenants and visitors of the Property

19. **Closing Agent.** The Seller and Buyer hereby appoint Helena Abstract & Title Company (HATCO) as the Closing agent for this transaction (the "Closing Agent").

20. **Facilitation of Closing.** Seller and Buyer shall execute and provide to Closing Agent and each other all documents necessary to effectuate the transfer of the Property, on the terms and conditions set forth herein, and any escrow instructions to the Closing Agent which shall incorporate the terms of this Agreement and which may be reasonably necessary to the performance of the parties' obligations hereunder.

21. **Consent To Disclose Information.** Buyer and Seller hereby consent to the procurement and disclosure by Buyer, Seller, Closing Agent, and their attorneys, agents, and other parties having interests essential to this Agreement, of any and all information reasonably necessary to consummate the transaction anticipated by this Agreement, specifically including but not limited to access to escrows for review of documents concerning the Property or underlying obligations pertaining thereto.

22. **Closing; Closing Date.** Closing of the sale and purchase of the Property ("Closing") and the date of Closing of this sale and purchase (the "Closing Date") shall be as soon as reasonably possible, but no later than September 30, 2020 days after execution of this Agreement, unless otherwise mutually agreed by the parties.

23. **Discharge of Encumbrances.** Encumbrances to be discharged by Seller shall be paid out of the purchase price at Closing, unless earlier paid and discharged by Seller.

24. **Costs and Expenses.** Each party agrees to pay the costs of this transaction and Closing, and to prorate or credit rents, security deposits, taxes and special assessments, as follows:

- (a) Buyer shall pay all costs of inspection and investigation of the Property pursuant to Paragraph 8;
- (b) Each party shall pay all costs of any Appraisal obtained at the direction of such party;

- (c) Seller shall pay the base premium for issuance of an owner's standard policy of title insurance in favor of the Buyer pursuant to Paragraph 7, and Buyer shall pay any additional premiums or surcharges for any extended or lender coverage or additional endorsements or coverage desired or required by Buyer;
- (d) Seller and Buyer shall each pay one half of the fees of the Closing Agent;
- (e) Seller and Buyer shall each pay one half of the fees for recording the Warranty Deed and any other transfer instruments;
- (f) Seller and Buyer shall each pay the fees and costs of their respective legal counsel in connection with this Agreement and the transactions contemplated hereunder;
- (g) Pre-paid rents and security deposits with respect to the Leases shall be prorated and paid or credited as provided in Paragraph 17, as applicable; and
- (h) Taxes and special assessments on the Property ("Taxes"), if any, for the current year shall be prorated, and the parties shall each be responsible for payment of such Taxes, as provided in Paragraph 25.

25. **Proration of Property Taxes.** Taxes on the Property for the year in which Closing occurs shall be prorated between the parties as of the Closing Date, so that: (i) Seller pays or remains responsible to pay the prorata share of the Taxes on the Property for the pre-Closing portion of the tax year in which Closing occurs; and (ii) Buyer shall pay or be responsible to pay the pro rata share of the Taxes on the Property for the post-Closing portion of the tax year in which Closing occurs and all Taxes on the Property for subsequent tax years.

26. **Conveyance Documents.** On or before the Closing Date, the Seller shall execute and deliver to the Closing Agent a general warranty deed ("Warranty Deed") conveying the Property to the Buyer, free and clear of all liens and encumbrances except: reservations, exceptions, covenants, conditions and restrictions of record and in patents from the United States or the State of Montana; existing easements, rights of way, liens, encumbrances, reservations, exceptions, covenants, conditions and restrictions or claims thereof apparent or of record; all building, use, zoning, sanitary, and environmental restrictions; all prior reservations, conveyances, leases or transfers of any interest in minerals, including oil, gas and other hydrocarbons; all leases of all or any part of the Property; taxes and assessments for the current year and subsequent years (prorated as of the Closing Date); any encroachment, encumbrance, violation, variation, or adverse condition affecting title that would be disclosed by an accurate and complete land survey of the property; any facts, rights, interest or claims which could be ascertained by an inspection of the property or by making an inquiry of the person in possession thereof; and any other lien or encumbrance permitted by this Agreement or described in the Title Commitment and approved in writing by Buyer.

27. **Possession.** Buyer shall be entitled to possession of the Property, subject to the Leases, on the Closing Date unless otherwise specified herein.

28. **Remedies on Default**

(a) *Buyer's Remedies.* If Seller fails to consummate this Agreement in accordance with its terms or to perform any other term or condition of this Agreement for any reason within the control of the Seller, Buyer shall have as Buyer's sole remedy the option of either of the following:

- (i) Terminating this Agreement without further liability of either party by giving written notice to Seller; or
- (ii) Enforcing specific performance by Seller of Seller's obligations hereunder.

(b) If Buyer fails to consummate this Agreement in accordance with its terms or to perform any other term or condition of this Agreement for any reason within the control of Buyer, Seller shall have as Seller's sole remedy against Buyer the option of either of the following:

- (i) Terminating this Agreement without further liability of either party by giving written notice to Buyer; or
- (ii) Enforcing specific performance by Buyer of Buyer's obligations hereunder.

The failure of a party to exercise its remedies as provided herein with respect to any failure to perform or default shall not waive such party's rights to exercise its remedies with respect to any subsequent failure or default.

29. **Notice.** Any notice to be given hereunder shall be in writing and shall either be served upon a party personally, or served by registered or certified mail, return receipt requested, directed to the party to be served at the address of the party stated on the first page of this Agreement. A party wishing to change his designated address shall do so by notice in writing to the other party. Notice served by mail shall be deemed complete when deposited in the United States mail, postage prepaid.

30. **Attorney Fees.** The prevailing party in any legal proceeding brought under or with respect to the transaction described in this Agreement or any dispute arising under this Agreement is entitled to recover from the non-prevailing party all reasonable attorney and paralegal fees, together with all costs, charges and expenses incurred in such legal proceeding.

31. **Additional Documents.** Each party hereto shall do all such things, take and perform all such actions and shall make, execute and deliver such other documents and instruments as shall be reasonably required to carry out the provisions, intent and purposes of this Agreement, either before, at, or after Closing.

32. **Survival of Covenants.** It is mutually agreed that the provisions of Paragraphs 6-7, 9-12, 15-17, 21, 25, 30-32, 34, 36-39 and 41 and Exhibits C and D shall survive Closing.

33. **Time of the Essence.** Time shall be of the essence of this Agreement.

34. **Binding Effect** The terms and conditions hereof shall inure to the benefit of, and be binding upon, the legal representatives, successors and permitted assigns of the parties hereto.

35. **Assignment**. Buyer's rights under this Agreement may not be assigned without the Seller's written consent.

36. **Brokerage and Commission**. Both the Seller and Buyer agree that there are no broker's fees or commissions, finder's fees, or other similar fees or commissions, due as a result of the consummation of this transaction. Each party further agrees that in the event there is any such fee or commission due to any person or entity based upon the agreement or other acts of such party, such party shall defend or pay such claim and hold the other party harmless in connection with any liability or responsibility in connection therewith.

37. **No Construction against Either Party**. This Agreement is and shall be deemed jointly drafted and written by all parties to it as each party has had a chance to have this Agreement reviewed by counsel and shall not be construed or interpreted against the party originating or preparing it. Both parties have participated in the preparation of this Agreement and in resolving any ambiguities, the parties agree that there shall be no presumption that the provisions of this Agreement are to be construed against the drafting party.

38. **Severability**. In the event any provision or part of this Agreement, or the application of such provision to any person or circumstance, shall be determined by any Court of competent jurisdiction to be invalid, void or otherwise unenforceable, the remaining provisions and parts of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, it being understood that such remaining provisions shall be construed in a manner most clearly approximating the intention of the parties with respect to the invalid, void or unenforceable provision or part hereof.

39. **Counterparts**. This Agreement and any of its Exhibits may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

40. **Disclosures Attached**. True and correct copies of the Radon Disclosure Statement and the Mold Disclosure Statement are following disclosures are attached hereto as Exhibits F and G, respectively, and incorporated herein by reference.

41. **Entire Agreement**. This Agreement, including Exhibits A through G, embodies the entire Agreement between the parties, and supersedes all prior negotiations, understandings and agreements, if any, relating to the sale and purchase provided for herein. This Agreement may be amended, modified, or supplemented only by an instrument in writing duly executed by both parties hereto.

*[Signature Pages Follow]*

*[Signature Page to Sale and Purchase Agreement]*

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**TEACHERS' RETIREMENT SYSTEM  
OF THE STATE OF MONTANA**

By: \_\_\_\_\_  
Shawn Graham, Executive Director

Approved as to Legal Content:

TRS Legal Counsel

By: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**MONTANA BOARD OF INVESTMENTS**

By: \_\_\_\_\_  
Dan Villa, Executive Director

Approved as to Legal Content:

MBOI Legal Counsel

By: \_\_\_\_\_  
Gregory G. Gould  
Luxan & Murfitt PLLP

## **Exhibit A**

### **LEASES**

1. Lease of TRS Building (Lease #8179) between State of Montana, Teachers' Retirement System, as Lessor, and State of Montana, Department of Public Health and Human Services, as Lessee, dated on or about March 25, 2020.

DRAFT



**Exhibit B**

**PERSONAL PROPERTY**

DRAFT

Exhibit C

**SELLER'S ESTOPPEL CERTIFICATE**

Date: \_\_\_\_\_

To: Montana Board of Investments  
("Buyer")

From: Teachers' Retirement System ("Seller" or "Landlord")

Leased  
Premises: 1500 E. 6<sup>th</sup> Ave., Helena, Montana

As of the Effective Date, Landlord hereby certifies to Buyer that:

1. Landlord leases certain premises in the building located at 1500 E. 6<sup>th</sup> Ave., Helena, Montana to \_\_\_\_\_ ("Tenant"), pursuant to that certain Lease dated on or about \_\_\_\_\_, 20\_\_\_\_. The Lease remains in full force and effect.

2. Landlord, as Seller, and Buyer have entered into that certain Sale and Purchase Agreement (the "Agreement") dated \_\_\_\_\_, 20\_\_\_\_, under which Seller will sell and Buyer will purchase all of the Property that includes the leased premises.

3. All rental payments due and payable under the Lease prior to the Closing Date have been paid in full by Tenant, and no additional rent or other monetary obligations are due or will become due from Tenant under the Lease prior to Closing. There are no pending suits, claims or demands by Landlord against Tenant with respect to Tenant's obligations under the Lease, nor are there any existing defaults under the Lease on the part of Tenant. The Tenant has fully performed all of its obligations, including payment of all monetary obligations, under the Lease through and including the Closing Date.

4. This Certificate shall be effective as of the Closing Date under the Agreement.

**[Signature Page Follows]**

**[Seller's Signature Page to Seller's Estoppel Certificate]**

Dated as of the date first above written.

**SELLER/LANDLORD**

**TEACHERS' RETIREMENT SYSTEM  
OF THE STATE OF MONTANA**

By: \_\_\_\_\_  
Shawn Graham, Executive Director

DRAFT

Exhibit D

**TENANT'S ESTOPPEL CERTIFICATE**

Date: \_\_\_\_\_ (“Effective Date”)  
To: Montana Board of Investments (“Addressee”)  
From: \_\_\_\_\_ (“Tenant”)  
Leased  
Premises: 1500 E. 6<sup>th</sup> Ave., Helena, Montana

As of the date of this certificate (the “Effective Date”), Tenant hereby certifies to Addressee that to the personal and actual knowledge of the undersigned, authorized signatory for Tenant:

1. Tenant leases the above-described leased premises pursuant to that certain lease (the “Lease”) dated \_\_\_\_\_ by and between \_\_\_\_\_ (“Landlord”) and the above named Tenant. Other documents which amend or may affect the Lease include the following (*e.g.*, amendments, assignments, subleases, side agreements, etc.):

2. Except as described in paragraph 1, above: (a) the Lease is in full force and effect; (b) the Lease has not been amended nor assigned; and (c) Tenant has not subleased the Leased Premises (or any part thereof).

3. Tenant has paid to Landlord and Landlords holds a security deposit under the Lease in the amount of \$\_\_\_\_\_.

4. Except as stated below, all rental payments due and payable under the Lease prior to the Effective Date have been paid in full by Tenant, and no additional rent or other monetary obligations are due or will become due from Tenant under the Lease prior to the Effective Date. Describe any rental and other payments due and payable by Tenant prior to the Effective Date:

Amount Payable: \$\_\_\_\_\_ for: \_\_\_\_\_  
Amount Payable: \$\_\_\_\_\_ for: \_\_\_\_\_  
Amount Payable: \$\_\_\_\_\_ for: \_\_\_\_\_

5. Except as stated in the preceding paragraph, all rental payments due and payable under the Lease by the Effective Date have been paid in full by Tenant (subject to any abatement or offset provided in the Lease). Except as described below, no rental payments have been made more than one month in advance of their due date under the Lease. Tenant is not otherwise in default under the Lease. Describe any rental payments more than one month in advance:

Advance Rent Paid: \$\_\_\_\_\_ for (Rental Period):\_\_\_\_\_

6. There are no pending suits, claims or demands by Tenant against Landlord with respect to Landlord's obligations under the Lease. There are no existing defaults under the Lease on the part of Landlord, and Tenant has no claim against Landlord or defense against Landlord's enforcement of the Lease and Tenant is not currently offsetting against rent payable under the Lease by reason of any such claim or defense or a default by Landlord under the Lease. If it is discovered by or disclosed to Tenant after the Effective Date that there existed on the Effective Date any such default, claim or defense, or right of offset by reason thereof, that was not actually known to Tenant on the Effective Date, such default, claim, defense or right of offset shall not be affected, waived or released by the issuance of this certificate and Tenant shall not be estopped from asserting the same.

7. Except as specifically otherwise stated herein, there is no amount due from Landlord to Tenant under the Lease. Describe any amount due from Landlord to Tenant:

Amount Due: \$\_\_\_\_\_ for: \_\_\_\_\_

8. This estoppel certificate is given solely for the benefit of Addressee and may not be relied upon or used by any other party. Regardless of any inaccuracy or misstatement herein, this estoppel certificate shall not create liability on the part of Tenant to any person or entity nor constitute a waiver with respect to any act of Landlord for which approval by Tenant was required but not sought or obtained, provided that, as between Tenant and Addressee, Tenant shall be estopped from denying the accuracy of this certificate. As between Landlord (or Landlord's successors) and Tenant, in no event shall this certificate modify the Lease.

Dated as of the date first above written.

TENANT:

By: \_\_\_\_\_

Its: \_\_\_\_\_

## Exhibit E

### **ASSIGNMENT AND ASSUMPTION OF LEASE**

**THIS ASSIGNMENT AND ASSUMPTION OF LEASE** (“Assignment”) is made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between State of Montana, Teachers’ Retirement System (“Assignor”) and Montana Board of Investments an agency of the government of the State of Montana established pursuant to Mont. Code Ann. § 2-15-1808 (“Assignee”).

### **RECITALS**

**WHEREAS**, Assignor has conveyed, or is about to convey, to Assignee the real property more particularly described as follows:

Lots 1, 2, 3, 4, 5 and 6 of Block 3 of the Corbin Addition to the City of Helena, Montana. (the “Property”), as provided in that certain Sale and Purchase Agreement dated \_\_\_\_\_, 20\_\_\_\_, between Assignor, as Seller, and Assignee, as Buyer (the Agreement”);

**WHEREAS**, the Property is subject to that certain Lease of TRS Building (Lease #8179) between State of Montana, Teachers Retirement System, as Lessor, and State of Montana, Department of Public Health and Human Services, as Lessee, dated on or about March 25, 2020 (the “Lease”);

**WHEREAS**, the Agreement provides that Assignor shall assign to Buyer, and Buyer shall assume, as of the date of Closing under the Agreement, all leases of the Property in effect as of the date of Closing;

### **AGREEMENT**

**NOW, THEREFORE**, in consideration of the mutual covenants and upon the conditions contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee hereby agree as follows:

1. **Effective Date.** The “Effective Date” shall be \_\_\_\_\_, 20\_\_\_\_.
2. **Assignment.** Effective on the Effective Date, Assignor hereby assigns, sells, transfers, grants, delivers and conveys to Assignee all of Assignor’s right, title and interest in, to and under the Lease. The Lessor’s interest assigned, sold, transferred, granted, delivered and conveyed under this paragraph shall include all the rights, privileges and benefits of Lessor under the Lease and the rents, revenue, income, profits, reimbursements and other benefits accruing from the Lease on and after the Effective

Date and any and all prepaid rents, security deposits and other deposits held under each Lease or under or by reason of, or with respect to, the Property.

3. **Acceptance.** Upon the Effective Date, Assignee hereby accepts said assignment, sale, transfer and conveyance and assumes and agrees to keep, perform and be bound by all of the terms, covenants, conditions and obligations which are required to be performed by the Lessor under the Lease.

4. **Indemnity.** Assignor shall defend, indemnify and hold Assignee harmless from and against any and all claims, obligations, liabilities and costs (including reasonable attorneys' fees) arising out of the Lease prior to the Effective Date. Assignee shall defend, indemnify and hold Assignee harmless from and against any and all claims, obligations, liabilities and costs (including reasonable attorneys' fees) arising out of the Lease on or after the Effective Date.

5. **Further Assurances.** Assignor and Assignee each agrees that it will at any time and from time to time after the Effective Date, on the written request of the other party, execute, acknowledge and deliver, or cause to be delivered, all such further documents and assurances and perform all such further acts as may be reasonably requested by such requesting party to implement and give effect to this Assignment.

6. **Successors and Assigns.** This Assignment shall be binding upon and inure to the benefit of the parties hereto, their successors in interest and assigns.

7. **Governing Law.** This Assignment shall be governed by, and construed in accordance with, the laws of the state of Montana.

8. **Attorney' Fees.** Should either party bring an action to interpret or enforce this Assignment, the prevailing party in such action shall be entitled to an award of its reasonable attorneys' fees and costs incurred in connection with such action whether at trial, on appeal, in arbitration or mediation, or in any bankruptcy proceeding.

9. **Counterparts.** This Assignment may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same Assignment.

10. **Miscellaneous.** Headings in this Assignment are for convenience only and shall not define or limit the provisions hereof. This Assignment shall be construed according to its ordinary meaning and shall not be strictly construed for or against any party hereto. Any modification or waiver of this Assignment, including a modification or waiver of this term, must be in writing signed by the party or parties against which enforcement of the modification or waiver is sought.

***[Signature Pages Follow]***

*[Assignor's Signature Page to Assignment and Assumption of Lease]*

IN WITNESS WHEREOF, the parties hereto have executed this Assignment as of the date first above written.

### ASSIGNOR:

# TEACHERS' RETIREMENT SYSTEM OF THE STATE OF MONTANA

By: \_\_\_\_\_  
Shawn Graham, Executive Director

Approved as to Legal Content:

TRS Legal Counsel

By: \_\_\_\_\_

STATE OF MONTANA )  
 )  
 ) : ss  
COUNTY of Lewis and Clark )

On this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me, a notary public for the state of Montana personally appeared Shawn Graham, Executive Director of Teachers' Retirement System of the State of Montana, the entity which is subscribed to the within instrument, and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument, the entity upon behalf of which he acted executed the instrument.

In witness whereof, I have hereunto set my hand and affixed my notarial seal on the day and year first-above written.

(Notarial Seal/Stamp Above)

Notary Public for the State of \_\_\_\_\_





**Exhibit F**

**RADON DISCLOSURE STATEMENT**

**RADON DISCLOSURE STATEMENT:** The following disclosure is given pursuant to the Montana Radon Control Act, Montana Code Annotated Section 75-3-606. RADON GAS: RADON IS A NATURALLY OCCURRING RADIOACTIVE GAS THAT, WHEN IT HAS ACCUMULATED IN A BUILDING IN SUFFICIENT QUANTITIES, MAY PRESENT HEALTH RISKS TO PERSONS WHO ARE EXPOSED TO IT OVER TIME. LEVELS OF RADON THAT EXCEED FEDERAL GUIDELINES HAVE BEEN FOUND IN BUILDINGS IN MONTANA. ADDITIONAL INFORMATION REGARDING RADON AND RADON TESTING MAY BE OBTAINED FROM YOUR COUNTY OR STATE PUBLIC HEALTH UNIT.

Seller represents to Buyer that the Property:

\_\_\_\_\_ HAS been tested for Radon or Radon progeny; or  
\_\_\_\_\_ HAS NOT been tested for Radon or Radon progeny.

If the Property has been tested for radon, the Seller will provide a copy of the test results concurrent with an executed copy of this Agreement. If the property has received radon mitigation treatment, the Seller will provide the evidence of the mitigation treatment concurrent with an executed copy of this Agreement.

SELLER:

**TEACHERS' RETIREMENT SYSTEM  
OF THE STATE OF MONTANA**

By: \_\_\_\_\_  
Shawn Graham, Executive Director

\_\_\_\_\_ Date

**ACKNOWLEDGMENT OF RECEIPT**

Buyer hereby acknowledges receipt of the foregoing Radon Disclosure Statement.

**MONTANA BOARD OF INVESTMENTS**

By: \_\_\_\_\_  
Dan Villa, Executive Director

Exhibit G

**MOLD DISCLOSURE**

Property Address: 1500 E. 6<sup>th</sup> Ave., Helena, Montana

**Mold Disclosure:** There are many types of mold. Inhabitable properties are not, and cannot be, constructed to exclude mold. Moisture is one of the most significant factors contributing to mold growth. Information about controlling mold growth may be available from your county extension agent or health department. Certain strains of mold may cause damage to property and may adversely affect the health of susceptible persons, including allergic reactions that may include skin, eye, nose, and throat irritation. Certain strains of mold may cause infections, particularly in individuals with suppressed immune systems. Some experts contend that certain strains of mold may cause serious and even life-threatening diseases. However, experts do not agree about the nature and extent of the health problems caused by mold or about the level of mold exposure that may cause health problems. The Centers for Disease Control and Prevention is studying the link between mold and serious health conditions. The seller, landlord, seller's agent, buyer's agent, or property manager cannot and does not represent or warrant the absence of mold. It is the buyer's or tenant's obligation to determine whether a mold problem is present. To do so, the buyer or tenant should hire a qualified inspector and make any contract to purchase, rent, or lease contingent upon the results of that inspection. A seller, landlord, seller's agent, buyer's agent, or property manager who provides this mold disclosure statement, provides for the disclosure of any prior testing and any subsequent mitigation or treatment for mold, and discloses any knowledge of mold is not liable in any action based on the presence of or propensity for mold in a building that is subject to any contract to purchase, rent, or lease.

The undersigned seller, landlord, seller's agent, buyer's agent, or property manager disclose that they have knowledge that the building or buildings on the property have mold present in them. This disclosure is made in recognition that all inhabitable properties contain mold, as defined by the Montana Mold Disclosure Act (any mold, fungus, mildew or spores). The seller, landlord, seller's agent, buyer's agent, or property manager are not representing that a significant mold problem exists or does not exist on the property, as such a determination may only be made by a qualified inspector.

If Seller/Landlord knows a building located on the property has been tested for mold, Seller/Landlord has previously provided or with this Disclosure provides the Buyer/Tenant a copy of the results of that test (if available) and evidence of any subsequent mitigation or treatment.

SELLER:

**TEACHERS' RETIREMENT SYSTEM  
OF THE STATE OF MONTANA**

By: \_\_\_\_\_  
Shawn Graham, Executive Director

\_\_\_\_\_  
Date

### **ACKNOWLEDGMENT**

The undersigned Buyer/Tenant acknowledges receipt of this Disclosure, the test results (if available) and evidence of subsequent mitigation or treatment. The undersigned Buyer/Tenant agrees that it is their responsibility to hire a qualified inspector to determine if a significant mold problem exists or does not exist on the property. They further acknowledge that the seller, landlord, seller's agent, buyer's agent, and/or property manager, who have provided this Disclosure, are not liable for any action based on the presence of or propensity for mold in the property.

### **MONTANA BOARD OF INVESTMENTS**

By: \_\_\_\_\_  
Dan Villa, Executive Director

**Teachers' Retirement System Building (Purchase Agreement)**

<b>Purchase Price</b>	<b>7/1/2020</b>	<b>\$ (1,410,000.00)</b>
Distribution	6/30/2021	\$ 79,120.20
Distribution	6/30/2022	\$ 81,493.81
Distribution	6/30/2023	\$ 83,938.62
Distribution	6/30/2024	\$ 86,456.78
Distribution	6/30/2025	\$ 89,050.48
Distribution	6/30/2026	\$ 91,722.00
Distribution	6/30/2027	\$ 94,473.66
Distribution	6/30/2028	\$ 97,307.87
Distribution	6/30/2029	\$ 100,227.10
Distribution	6/30/2030	\$ 103,233.92
Distribution	6/30/2031	\$ 106,330.93
Distribution	6/30/2032	\$ 109,520.86
Distribution	6/30/2033	\$ 112,806.49
Distribution	6/30/2034	\$ 116,190.68
Distribution	6/30/2035	\$ 119,676.40
Distribution	6/30/2036	\$ 123,266.69
Distribution	6/30/2037	\$ 126,964.69
Distribution	6/30/2038	\$ 130,773.64
Distribution	6/30/2039	\$ 134,696.84
Distribution	6/30/2040	\$ 138,737.75
Appraisal	6/30/2040	\$1,847,100.00
<b>XIRR</b>		<b>7.71%</b>

**Teachers' Retirement System Building (June Proposal)**

<b>Purchase Price</b>	<b>7/1/2020</b>	<b>\$ (1,900,000.00)</b>
Distribution	6/30/2021	\$ 79,120.20
Distribution	6/30/2022	\$ 81,493.81
Distribution	6/30/2023	\$ 83,938.62
Distribution	6/30/2024	\$ 86,456.78
Distribution	6/30/2025	\$ 89,050.48
Distribution	6/30/2026	\$ 91,722.00
Distribution	6/30/2027	\$ 94,473.66
Distribution	6/30/2028	\$ 97,307.87
Distribution	6/30/2029	\$ 100,227.10
Distribution	6/30/2030	\$ 103,233.92
Distribution	6/30/2031	\$ 106,330.93
Distribution	6/30/2032	\$ 109,520.86
Distribution	6/30/2033	\$ 112,806.49
Distribution	6/30/2034	\$ 116,190.68
Distribution	6/30/2035	\$ 119,676.40
Distribution	6/30/2036	\$ 123,266.69
Distribution	6/30/2037	\$ 126,964.69
Distribution	6/30/2038	\$ 130,773.64
Distribution	6/30/2039	\$ 134,696.84
Distribution	6/30/2040	\$ 138,737.75
Appraisal	6/30/2040	\$2,489,000.00
<b>XIRR</b>		<b>6.11%</b>

# Montana Board of Investments

## CEM Benchmarking Results

(for the 5-year period ending December 31, 2019)



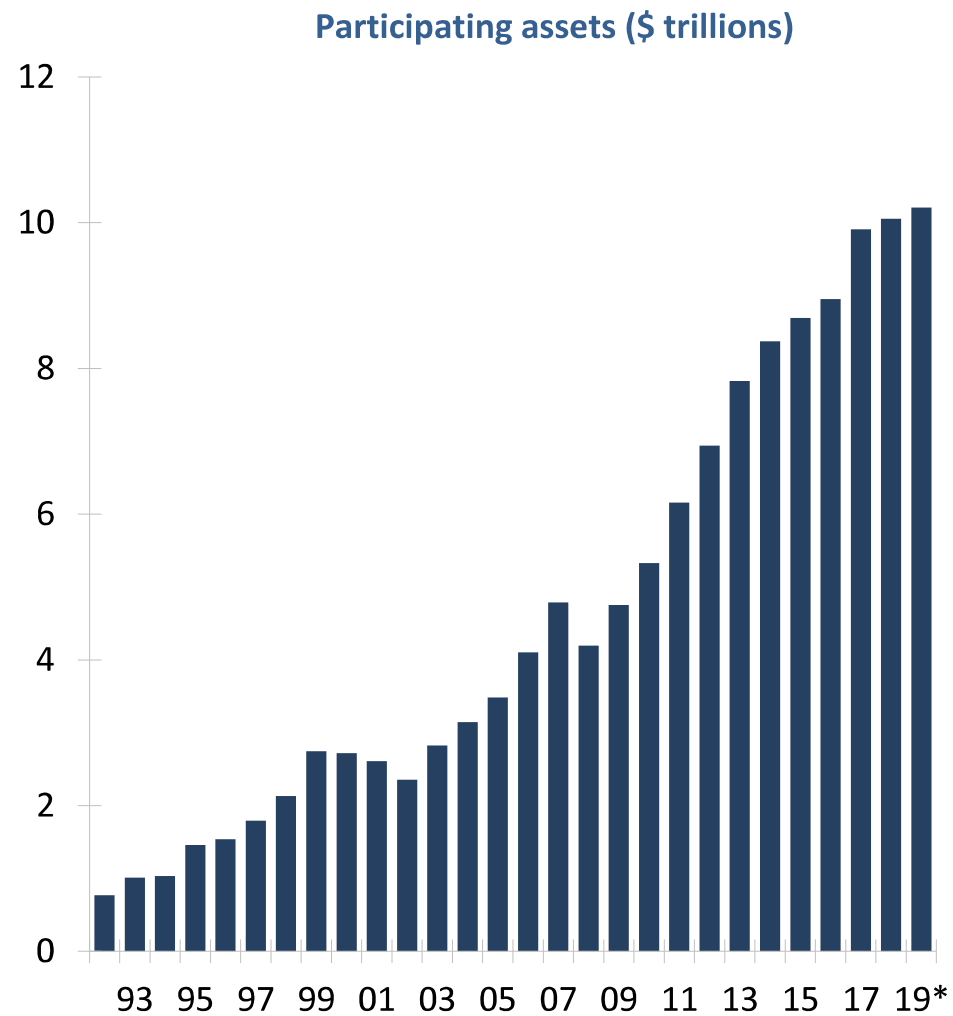
Mike Heale, Principal  
[mike@cembenchmarking.com](mailto:mike@cembenchmarking.com)  
416 369-0468

August 18, 2020

# This benchmarking report compares your cost and return performance to the 190 funds in CEM's extensive pension database.

- 114 U.S. pension funds participate. The median U.S. fund had assets of \$12.5 billion and the average U.S. fund had assets of \$28.5 billion. Total participating U.S. assets were \$3.2 trillion.
- 49 Canadian funds participate with assets totaling \$1.2 trillion.
- 27 European and Asia-Pacific funds participate with aggregate assets of \$2.1 trillion.

The most meaningful comparisons for your returns and implementation impacts are to the U.S. Public universe which consists of 42 funds.

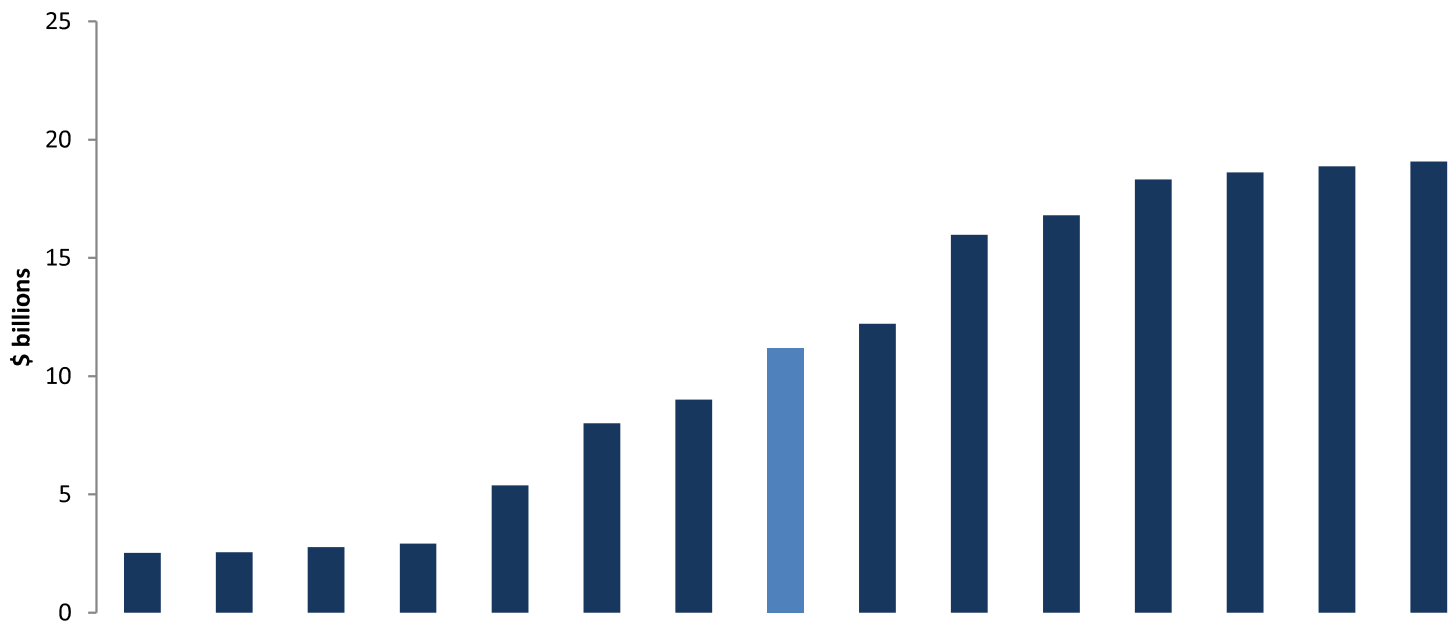


\*2019 assets includes both received and expected data.

The most valuable comparisons for cost performance are to your custom peer group because size impacts costs.

Peer group for Montana Board of Investments

- 15 U.S. Public sponsors from \$2.5 billion to \$19.1 billion
- Median size of \$11.2 billion versus your \$11.2 billion



To preserve client confidentiality, given potential access to documents as permitted by the Freedom of Information Act, we do not disclose your peers' names in this document.

Peers are selected based on best-fit in terms of total fund size as well as maximum commonality in asset classes.



## Your 5-year net total return of 7.37% was close to the U.S. Public median of 7.46% and equal to the peer median of 7.37%

Total returns, by themselves, provide little insight into the reasons behind relative performance. Therefore, we separate total return into its more meaningful components: policy return and implementation impacts.

	Your 5-year
Net total fund return	7.37%
- Policy return	7.75%
= Implementation impacts	-0.38%

This approach enables you to understand the contribution from both policy mix decisions (by far the most important driver of total return) and implementation impacts.

U.S. Public net total returns - quartile rankings



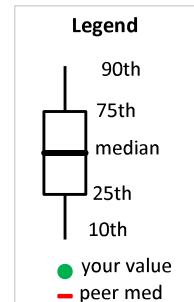
## Your 5-year policy return of 7.7% was above both the U.S. Public median of 6.9% and the peer median of 6.9%.

Your policy return is the return you could have earned passively by indexing your investments according to your policy mix.

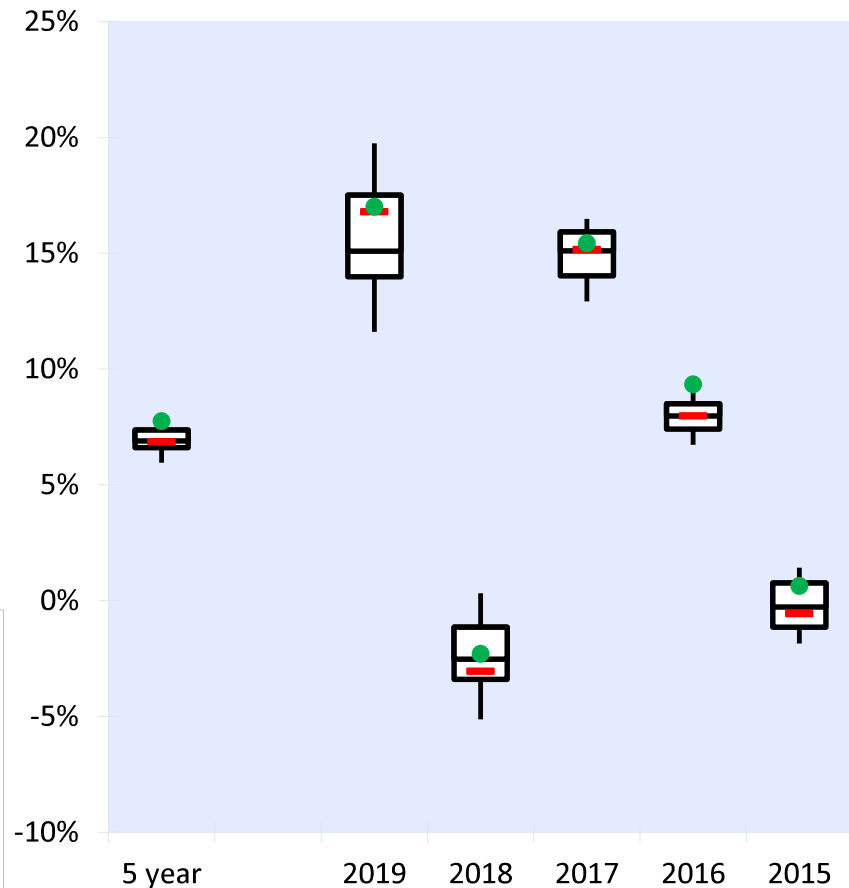
Having a higher or lower relative policy return is not necessarily good or bad. Your policy return reflects your investment policy, which should reflect your:

- Long term capital market expectations
- Liabilities
- Appetite for risk

Each of these three factors is different across funds. Therefore, it is not surprising that policy returns often vary widely between funds.



U.S. Public policy returns - quartile rankings



To enable fairer comparisons, the policy returns of all participants, including your fund, were adjusted to reflect private equity benchmarks based on lagged, investable, public-market indices. Your custom benchmark is composed of 20% Europe ex-UK, 10% Global, and 70% U.S. small cap equity with a lag of 82 days. Prior to this adjustment, your 5-year policy return was 8.0%, 0.3% higher than your adjusted 5-year policy return of 7.7%. Mirroring this, your 5-year total fund implementation impact would be 0.3% lower.

## Your 5-year policy return of 7.7% was above the U.S. Public median of 6.9% primarily because of:

- The positive impact of your higher weight and better benchmark return in one of the better performing asset classes of the past 5 years: U.S. Stock (your 35% 5-year average weight versus a U.S. Public average of 21%).
- The positive impact of your lower weight in one of the worse performing asset classes of the past 5 years: Hedge Funds (your 0% 5-year average weight versus a U.S. Public average of 4%).

	5-year average policy mix <sup>1</sup>			5-year bmk. return	
	Your Fund	U.S. Pub Avg.	More/Less	Your Fund	U.S. Pub Avg.
U.S. Stock	35%	21%	14%	11.6%	11.0%
EAFE/Global/Emerging	18%	28%	-11%	n/a <sup>3</sup>	n/a <sup>3</sup>
Total Stock	53%	49%	3%	9.6%	8.8%
U.S. Bonds	22%	17%	5%	3.0%	3.2%
Inflation Indexed Bonds	0%	3%	-3%	n/a <sup>3</sup>	2.7%
High Yield Bonds	3%	2%	1%	6.1%	5.9%
Fixed Income - Emerging	0%	1%	-1%	n/a <sup>3</sup>	5.0%
Fixed Income - Global	0%	1%	-2%	n/a <sup>3</sup>	3.8%
Other Fixed Income	3%	1%	2%	n/a <sup>3</sup>	n/a <sup>3</sup>
Total Fixed Income	27%	25%	2%	3.2%	3.8%
Hedge Funds	0%	4%	-4%	n/a <sup>3</sup>	3.0%
Real Estate incl. REITS	7%	8%	-1%	0.0%	0.0%
Other Real Assets <sup>2</sup>	1%	3%	-1%	n/a <sup>3</sup>	n/a <sup>3</sup>
Private Equity	11%	8%	3%	7.8%	7.6%
Private Debt	0%	2%	-2%	n/a <sup>3</sup>	5.1%
Total	100%	100%	0%		

1. 5-year weights are based only on plans with 5 years of continuous data.

2. Other real assets includes commodities, natural resources and infrastructure.

3. A value of 'n/a' is shown if asset class return are not available for the full 5 years or if they are broad and incomparable.

**Implementation impact is the difference between total net return and policy return. Your 5-year implementation impact of -0.38% compares to a peer median of 0.10% and a U.S. Public median of 0.40%.**

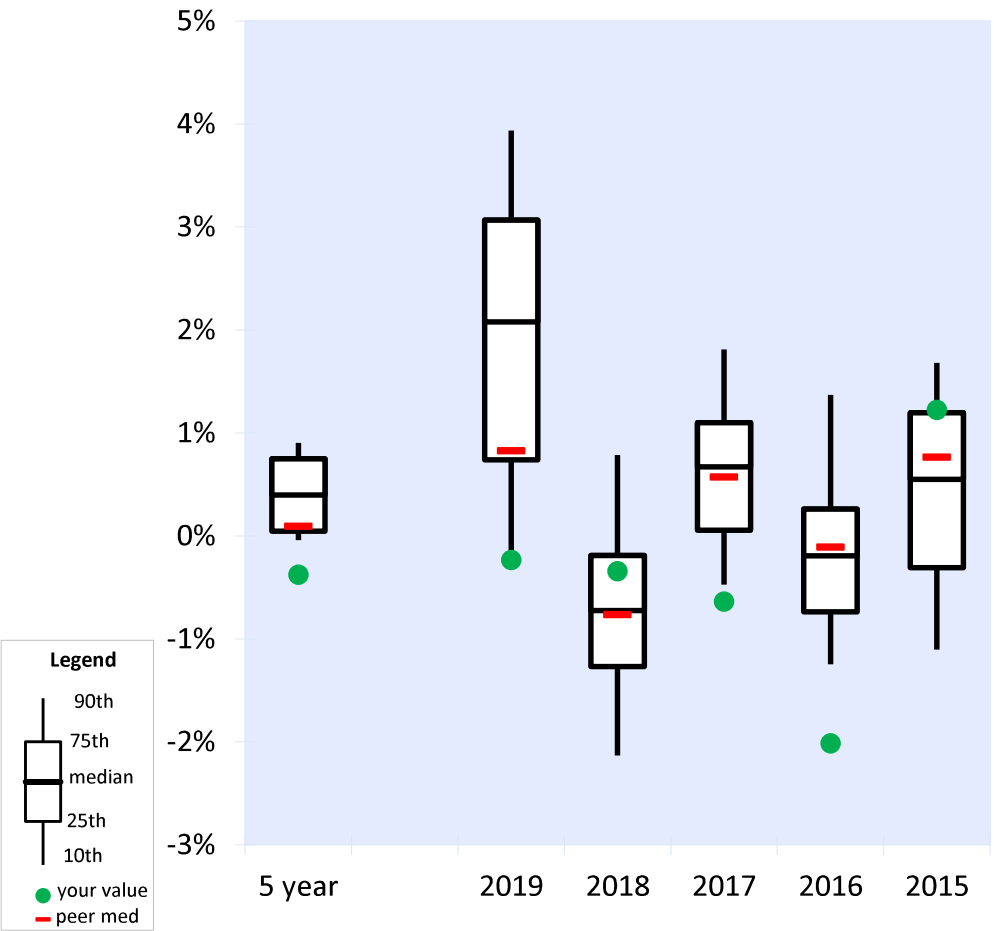
**Implementation impact for Montana  
Board of Investments**

Year	Net Return	Policy Return	Impl. Impact
2019	16.78%	17.01%	-0.23%
2018	-2.63%	-2.29%	-0.34%
2017	14.80%	15.44%	-0.64%
2016	7.32%	9.34%	-2.02%
2015	1.86%	0.64%	1.22%
5-Year	7.37%	7.75%	-0.38%

Implementation typically has a modest impact on total fund returns. Implementation impacts are mainly due to:

- Differences in asset class benchmarks across funds.
- Differences between actual holdings and policy weights for asset classes. These differences may be due to tactical asset allocation or rebalancing policies.
- Net return relative to benchmark returns within asset classes.

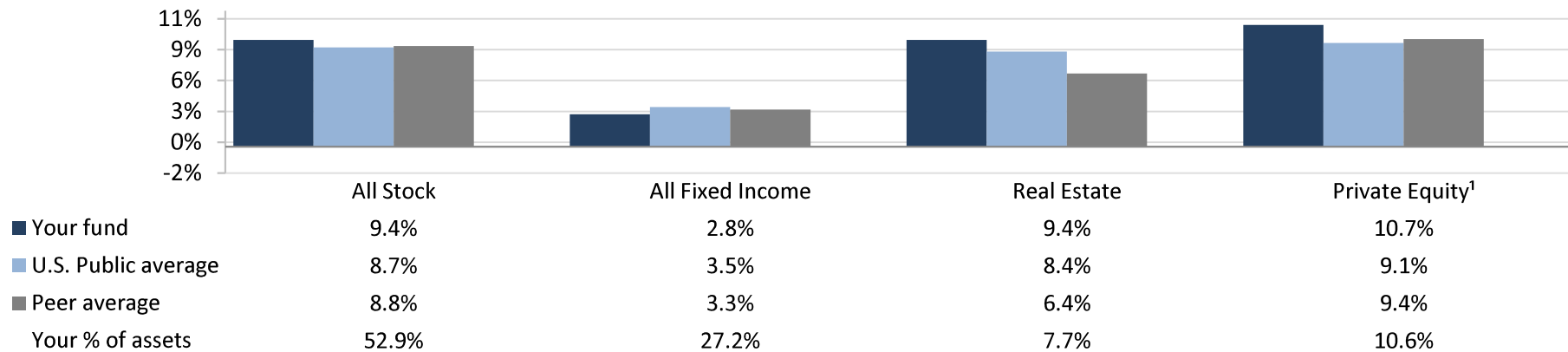
**U.S. Public implementation impact - quartile rankings**



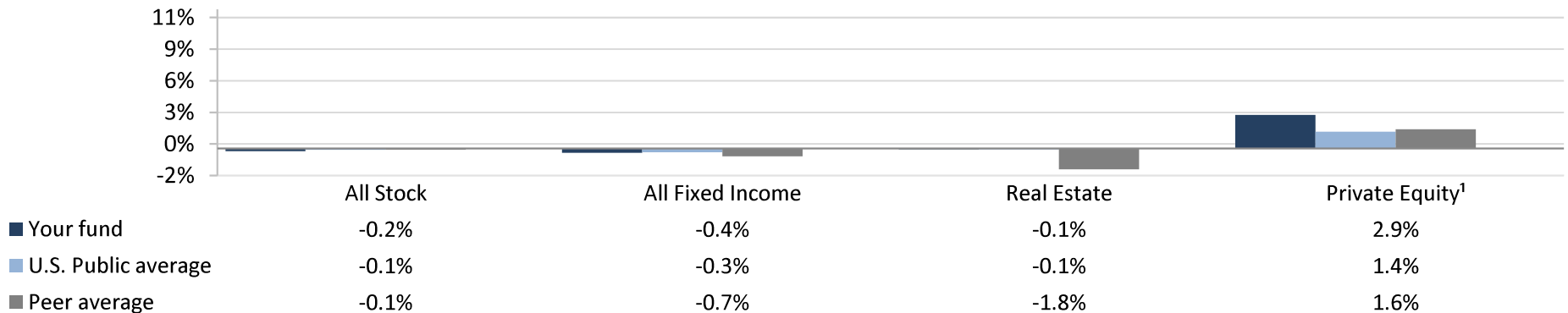
To enable fairer comparisons, the implementation impact for each participant including your fund was adjusted to reflect private equity benchmarks based on investable public market indices. Your custom benchmark is composed of 20% Europe ex-UK, 10% Global, and 70% U.S. small cap equity with a lag of 82 days. Prior to this adjustment, your fund's 5-year total fund implementation impact was -0.7%.

# Comparisons of your 5-year net return and implementation impacts by major asset class:

5-year average net return by major asset class



5-year average net return relative to benchmark<sup>2</sup> by major asset class



1. To enable fairer comparisons, the private equity benchmarks of all participants, including your fund were adjusted to reflect lagged, investable, public-market indices. Your custom benchmark is composed of 20% Europe ex-UK, 10% Global, and 70% U.S. small cap equity with a lag of 82 days. Prior to this adjustment, your fund's 5-year private equity implementation impact was 0.1%.

2. For the U.S. Public universe and your peers, the difference shown is the difference between their average net return and their average benchmark return.

## Your investment costs were \$62.2 million or 55.7 basis points in 2019.

Asset management costs by asset class and style (\$000s)	Internal Mgmt		External Management			Total
	Active	Overseeing of external	Passive fees	Active base fees	Perform. fees <sup>1</sup>	
Stock - U.S. Broad/All		304	391	6,428		7,123
Stock - ACWI x U.S.		363	1,253	5,168		6,784
Fixed Income - U.S.	278	15		276		568
Fixed Income - High Yield		140		1,705		1,846
Cash	66					66
Global TAA		225		587		812
Real Estate ex-REITs <sup>1</sup>		89		3,527	653	3,616
Real Estate ex-REITs - LP <sup>1</sup>		356		7,350	2,776	7,705
Natural Resources - LP <sup>1</sup>		324		6,887	446	7,212
Diversified Private Equity - LP <sup>1</sup>		467		17,356	4,900	17,823
Diversified Private Equity - FoFs <sup>1</sup>		52		6,203	5,220	6,255
Total excluding private asset performance fees						59,810 53.5bp
<b>Oversight, custodial and other costs <sup>2</sup></b>						
Oversight of the fund						1,120
Trustee & custodial						1,068
Consulting and performance measurement						199
Audit						48
Other						0
Total oversight, custodial & other costs						2,435 2.2bp
Total investment costs (excl. transaction costs & private asset performance fees)						62,245 55.7bp

### Footnotes

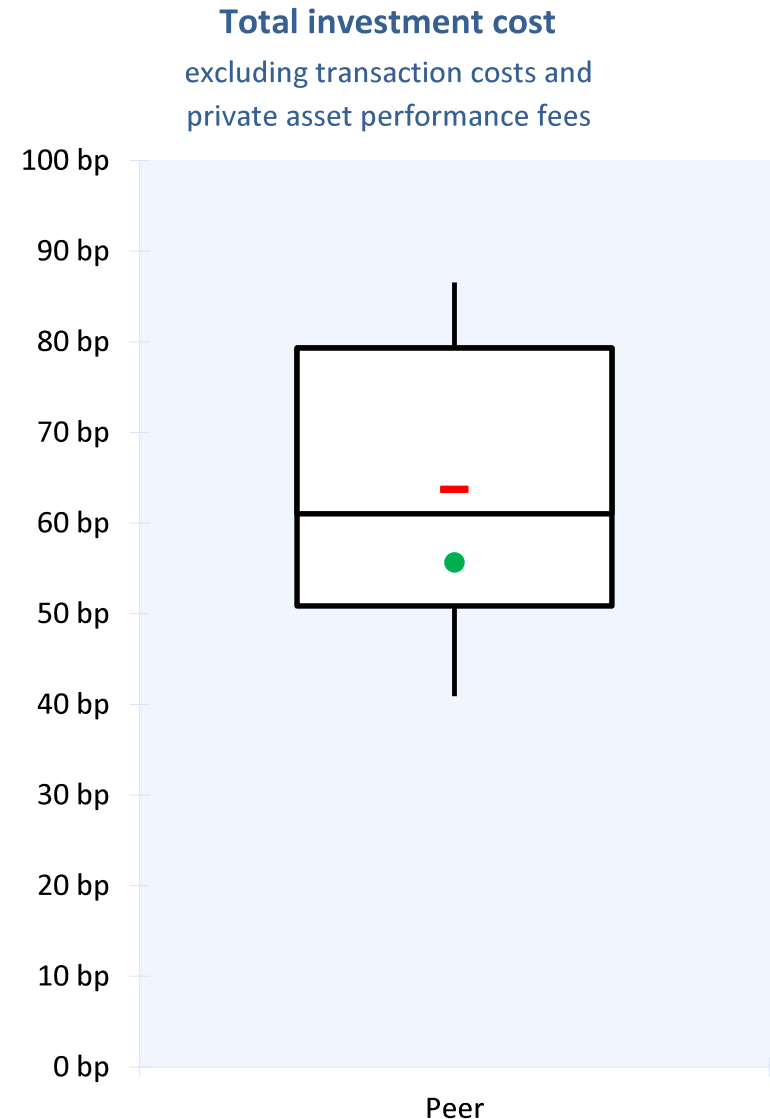
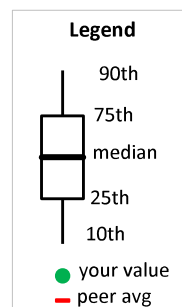
1. Total cost and subsequent benchmarking analysis excludes carry/performance fees for real estate, infrastructure, natural resources and private equity. Performance fees are included for the public market asset classes and hedge funds.
2. Excludes non-investment costs, such as benefit insurance premiums and preparing cheques for retirees.

## Your total investment cost of 55.7 bps was below the peer median of 61.0 bps.

Differences in total investment cost are often caused by two factors that are often outside of management's control:

- Asset mix, particularly holdings of the highest cost asset classes: real estate (excl. REITS), infrastructure, hedge funds and private equity. These high cost assets equaled 21% of your funds assets at the end of 2019 versus a peer average of 20%.
- Fund size. Bigger funds have advantages of scale.

Therefore, to assess whether your costs are high or low given your unique asset mix and size, CEM calculates a benchmark cost for your fund. This analysis is shown on the following page.



**Benchmark cost analysis suggests that, after adjusting for fund size and asset mix, your fund was slightly low cost by 0.5 basis points in 2019.**

Your benchmark cost is an estimate of what your cost would be given your actual asset mix and the median costs that your peers pay for similar services. It represents the cost your peers would incur if they had your actual asset mix.

Your total cost of 55.7 bp was slightly below your benchmark cost of 56.2 bp. Thus, your cost savings were 0.5 bp.

**Your cost versus benchmark**

	\$000s	basis points
Your total investment cost	62,245	55.7 bp
Your benchmark cost	62,841	56.2 bp
Your excess cost	(596)	(0.5) bp



## Your fund was slightly low cost because you had a lower cost implementation style.

### Explanation of your cost status

	Excess Cost/ (Savings)	
	\$000s	bps
1. Lower cost implementation style		
• Less active management, more lower cost passive	(349)	(0.3)
• Less external management, more lower cost internal	(2,604)	(2.3)
• More LPs as a percentage of external	1,937	1.7
• Less fund of funds	(1,377)	(1.2)
• Less overlays	(477)	(0.4)
	(2,871)	(2.6)
2. Paying more than peers for some services		
• External investment management costs	4,443	4.0
• Internal investment management costs	(362)	(0.3)
• Oversight, custodial & other costs	(1,807)	(1.6)
	2,275	2.0
Total savings	(596)	(0.5)

# Differences in implementation style saved you 2.6 bp relative to your peers.

## Calculation of the cost impact of differences in implementation style

Asset class by implementation choice*	Assets by style (\$mils) <sup>1</sup>	Your fund	Style % Peer average	More/ (less)	Benchmark cost	More/ (less) <sup>2</sup>	Cost/ (savings) in \$000s	bps
	A			B		C	A X B X C	
<u>Passive vs. Active</u>	Total assets	Passive % of total assets			Passive	Active		
Stock - U.S. Broad/All	3,426	63.2%	71.7%	(8.4%)	1.1 bp	38.9 bp	(37.8) bp	1,094
Stock - ACWI x U.S.	1,938	53.7%	24.9%	28.8%	7.1 bp	45.2 bp	(38.2) bp	(2,131)
Fixed Income - U.S.	2,581	0.0%	21.7%	(21.7%)	2.0 bp	14.3 bp	(12.3) bp	687
Mix of passive vs. active							(349)	(0.3) bp
<u>Internal active vs. external active</u>	Active assets	Internal active % of active assets			Internal active	External active		
Fixed Income - U.S.	2,581	94.2%	22.4%	71.8%	2.6 bp	17.6 bp	(15.0) bp	(2,776)
Real Estate ex-REITs	926	0.0%	2.3%	(2.3%)	24.4 bp	104.1 bp	(79.7) bp	172
More int. active as % of total active							(2,604)	(2.3) bp
<u>Evergreen vs. LP/Co/FoF</u>	External assets	Evergreen fund % of external			Ever-green	LP/Co/FoF		
Real Estate ex-REITs	926	44.1%	59.1%	(15.0%)	85.1 bp	131.6 bp	(46.4) bp	645
Natural Resources	487	0.0%	43.4%	(43.4%)	86.9 bp	148.0 bp	(61.0) bp	1,292
Less evergreen % of external							1,937	1.7 bp
<u>LP/Co vs. Fund of funds</u>	LP/Co/FoF assets	LP and Co % of LP/Co/Fund of funds			LP/Co	FoF		
Real Estate ex-REITs	517	100.0%	96.6%	3.4%	130.2 bp	170.6 bp	(40.4) bp	(71)
Diversified Private Equity	1,487	81.4%	70.8%	10.7%	157.0 bp	239.5 bp	(82.5) bp	(1,307)
More fund of funds % of LP/Co/FoF							(1,377)	(1.2) bp
<u>Overlays</u>								
Impact of higher use of portfolio level overlays							(477)	(0.4) bp
Total impact of differences in implementation style							(2,871)	(2.6) bp

\* Implementation styles where you are exactly the same as your peers (i.e. style impact is zero) are not shown.

1. 'Amount fees are based on' is the basis for calculating costs for private assets.

2. The 'style premium' is calculated as the difference between the style-weighted peer-median cost of the two styles being compared.

## The net impact of paying more/less for external asset management costs added 4.0 bps.

### Cost impact of paying more/(less) for external asset management

	Style	Your avg holdings in \$mils	Cost in bps			Cost/ (savings) \$000s
			Your Fund	Peer median	More/ (less)	
<i>External asset management</i>		(A)	(B)			(A X B)
Stock - U.S. Broad/All	passive	2,166	1.9	1.1	0.8	176
Stock - U.S. Broad/All*	active	1,260	53.2	38.9	14.3	1,796
Stock - ACWI x U.S.	passive	1,040	12.4	7.1	5.3	555
Stock - ACWI x U.S.	active	897	61.2	45.2	16.0	1,435
Fixed Income - U.S.	active	150	19.4	17.6	1.8	26
Fixed Income - High Yield	active	362	51.0	37.3	13.7	496
Real Estate ex-REITs	active	408	88.6	85.1	3.5	141
Real Estate ex-REITs	LP	517	148.9	130.2	18.7	969
Natural Resources	LP	487	148.0	148.0	0.0	0
Global TAA	active	68	120.0	63.1	56.9	385
Diversified Private Equity	FoF	276	86.9	82.5	4.4	122
Underlying base fees	FoF	276	139.8	157.0	(17.2)	(474)
Diversified Private Equity	LP	1,211	147.2	157.0	(9.8)	(1,184)
Total impact of paying more/less for external management						4,443
Total in bps						4.0 bp

\*Universe median used as peer data was insufficient.

1. 'Amount fees are based on' is the basis for calculating costs for private assets.

## The net impact of paying more/less for internal asset management costs saved 0.3 bps.

### Cost impact of paying more/(less) for internal asset management

	Style	Your avg holdings in \$mils	Cost in bps			Cost/ (savings) \$000s
			Your Fund	Peer median	More/ (less)	
<i>Internal asset management</i>		(A)	(B)			(A X B)
Fixed Income - U.S.	active	2,431	1.1	2.6	(1.5)	(362)
Cash	active	435	1.5	Excluded	--	--
Total for internal management						(362)
Total in bps						(0.3) bp

'Excluded' indicates that the asset class was excluded from this analysis due to comparability concerns with peers.

## The net impact of differences in oversight, custodial & other costs saved 1.6 bps.

### Cost impact of differences in oversight, custodial & other costs

	Your avg holdings in \$mils (A)	Cost in bps			Cost/ (savings) \$000s (A X B)
		Your Fund	Peer median	More/ (less)	
Oversight	11,184	1.0	1.3	(0.3)	
Consulting	11,184	0.2	0.9	(0.8)	
Custodial <sup>2</sup>	11,184	1.0	0.6	0.4	
Audit	11,184	0.0	0.1	(0.1)	
Other <sup>3</sup>	11,184	0.0	0.2	(0.2)	
Total for oversight, custodial, other <sup>1</sup>		2.2	3.8	(1.6)	(1,807)
Total in bps					(1.6) bp

- Oversight, custodial, and other costs are benchmarked using the peer median cost for the total of the pieces. The individual line items are shown for comparison but not used in the benchmark.
- Important additional information about your custodial fees relative to peers:
  - The peer median of 0.6 bps is low. The U.S. universe median custodial cost was 0.8 bps.
  - You have a more complex structure than your peers. You have 9 plans on your platform, most peers have less than 2 plans.
  - Specific services provided by custodians for funds vary somewhat. CEM does not collect detailed data related to specific custodial arrangements.
- 'Other' typically includes legal fees and fiduciary manager fees that apply to the plan as a whole and cannot be allocated to specific asset classes.

The table below provides a summary of why you are high/low cost relative to the peer-median by asset class.

#### Why are you high/(low) cost by asset class?

Asset class/category	Impl. style \$000s	Paying more/(less) \$000s	Total \$000s	Total bps
Stock - U.S. Broad/All	1,094	1,971	3,066	8.9 bp
Stock - ACWI x U.S.	(2,131)	1,990	(141)	(0.7) bp
Fixed Income - U.S.	(2,089)	(335)	(2,424)	(9.4) bp
Fixed Income - High Yield	0	496	496	13.7 bp
Cash	--	--	Excluded	Excluded
Real Estate ex-REITs	747	1,110	1,857	20.1 bp
Natural Resources	1,292	0	1,292	26.5 bp
Global TAA	0	385	385	56.9 bp
Diversified Private Equity	(1,307)	(1,536)	(2,843)	(19.1) bp
Derivatives and overlays	(477)	0	(477)	(0.4) bp
Oversight, custodial & other	n/a	(1,807)	(1,807)	(1.6) bp
<b>Total</b>	<b>(2,871)</b>	<b>2,275</b>	<b>(596)</b>	<b>(0.5) bp</b>

# Key takeaways

## Returns

- Your 5-year net total return was 7.4%. This was close to the U.S. Public median of 7.5% and equal to the peer median of 7.4%.
- Your 5-year policy return was 7.7%. This was above the U.S. Public median of 6.9% and above the peer median of 6.9%.

## Implementation impact

- Your 5-year implementation impact was -0.38%. This was below the U.S. Public median of 0.40% and below the peer median of 0.10%.

## Cost and cost effectiveness

- Your investment cost of 55.7 bps was below your benchmark cost of 56.2 bps. This suggests that your fund was slightly low cost compared to your peers.
- Your fund was slightly low cost because you had a lower cost implementation style.



# Quarterly Investment Performance Analysis

Montana Board of Investments

Period Ended: June 30, 2020





Montana Board of Investments  
Comparative Performance  
Retirement Plans

As of June 30, 2020

	QTD	CYTD	FYTD/ 1 Year	3 Years	5 Years	7 Years	10 Years	20 Years	2019	2018	2017	2016	2015	Since Incep.	Inception Date
<b>Public Employees' Retirement - Net</b>	<b>9.38</b>	<b>-2.88</b>	<b>2.71</b>	<b>5.72</b>	<b>6.19</b>	<b>7.46</b>	<b>8.84</b>	<b>5.54</b>	<b>16.77</b>	<b>-2.63</b>	<b>14.80</b>	<b>7.32</b>	<b>1.86</b>	<b>7.47</b>	<b>07/01/1994</b>
Public Employees' Benchmark	15.70	-5.43	0.54	5.05	5.95	7.52	N/A	N/A	20.45	-5.57	15.35	9.12	1.40	N/A	
Difference	-6.32	2.55	2.17	0.67	0.24	-0.06	N/A	N/A	-3.68	2.94	-0.55	-1.80	0.46	N/A	
<b>Public Employees' Retirement - Gross</b>	<b>9.52</b>	<b>-2.61</b>	<b>3.24</b>	<b>6.32</b>	<b>6.74</b>	<b>8.00</b>	<b>9.40</b>	<b>5.94</b>	<b>17.44</b>	<b>-2.03</b>	<b>15.34</b>	<b>7.78</b>	<b>2.31</b>	<b>7.78</b>	<b>07/01/1994</b>
All Public Plans > \$3B Total Fund Median	8.92	-3.56	1.98	5.48	5.90	6.69	8.03	5.68	17.24	-2.79	16.08	7.95	0.57	7.67	
Rank	44	30	29	30	15	10	5	34	43	42	64	56	7	49	
<b>Teachers' Retirement - Net</b>	<b>9.38</b>	<b>-2.88</b>	<b>2.73</b>	<b>5.72</b>	<b>6.19</b>	<b>7.46</b>	<b>8.84</b>	<b>5.54</b>	<b>16.78</b>	<b>-2.64</b>	<b>14.76</b>	<b>7.33</b>	<b>1.86</b>	<b>7.48</b>	<b>07/01/1994</b>
Teachers' Benchmark	15.69	-5.44	0.52	5.04	5.94	7.51	N/A	N/A	20.42	-5.57	15.32	9.11	1.40	N/A	
Difference	-6.31	2.56	2.21	0.68	0.25	-0.05	N/A	N/A	-3.64	2.93	-0.56	-1.78	0.46	N/A	
<b>Teachers' Retirement - Gross</b>	<b>9.52</b>	<b>-2.61</b>	<b>3.26</b>	<b>6.32</b>	<b>6.73</b>	<b>8.00</b>	<b>9.41</b>	<b>5.94</b>	<b>17.45</b>	<b>-2.03</b>	<b>15.31</b>	<b>7.80</b>	<b>2.32</b>	<b>7.79</b>	<b>07/01/1994</b>
All Public Plans > \$3B Total Fund Median	8.92	-3.56	1.98	5.48	5.90	6.69	8.03	5.68	17.24	-2.79	16.08	7.95	0.57	7.67	
Rank	44	30	29	30	15	10	5	34	43	42	65	56	7	49	
<b>Police Retirement - Net</b>	<b>9.39</b>	<b>-2.87</b>	<b>2.74</b>	<b>5.73</b>	<b>6.20</b>	<b>7.46</b>	<b>8.83</b>	<b>5.53</b>	<b>16.80</b>	<b>-2.63</b>	<b>14.79</b>	<b>7.32</b>	<b>1.86</b>	<b>7.34</b>	<b>07/01/1994</b>
Police Benchmark	15.71	-5.44	0.52	5.04	5.94	7.51	N/A	N/A	20.44	-5.57	15.33	9.11	1.40	N/A	
Difference	-6.32	2.57	2.22	0.69	0.26	-0.05	N/A	N/A	-3.64	2.94	-0.54	-1.79	0.46	N/A	
<b>Police Retirement - Gross</b>	<b>9.53</b>	<b>-2.61</b>	<b>3.26</b>	<b>6.34</b>	<b>6.74</b>	<b>8.01</b>	<b>9.38</b>	<b>5.93</b>	<b>17.47</b>	<b>-2.02</b>	<b>15.33</b>	<b>7.78</b>	<b>2.31</b>	<b>7.65</b>	<b>07/01/1994</b>
All Public Plans > \$3B Total Fund Median	8.92	-3.56	1.98	5.48	5.90	6.69	8.03	5.68	17.24	-2.79	16.08	7.95	0.57	7.67	
Rank	44	30	29	29	15	10	6	34	42	42	65	56	7	51	

Net performance shown is net of all manager fees and expenses (Net-All). All Public Plans > \$3B Total Fund Median is reported gross of fees. Benchmark returns reflect unmanaged indices which are not impacted by management fees. Fiscal year ends on 06/30. Since inception performance may vary from State Street reported performance due to calculation methodology differences. Retirement plan benchmarks' inception dates were updated to 1/1/2011.

Montana Board of Investments  
Comparative Performance  
Retirement Plans

As of June 30, 2020

	QTD	CYTD	FYTD/ 1 Year	3 Years	5 Years	7 Years	10 Years	20 Years	2019	2018	2017	2016	2015	Since Incep.	Inception Date
<b>Firefighters' Retirement - Net</b>	<b>9.39</b>	<b>-2.88</b>	<b>2.73</b>	<b>5.73</b>	<b>6.20</b>	<b>7.47</b>	<b>8.82</b>	<b>5.53</b>	<b>16.79</b>	<b>-2.62</b>	<b>14.79</b>	<b>7.32</b>	<b>1.87</b>	<b>7.33</b>	<b>07/01/1994</b>
Firefighters' Benchmark	15.71	-5.44	0.52	5.04	5.95	7.51	N/A	N/A	20.44	-5.57	15.33	9.12	1.41	N/A	
Difference	-6.32	2.56	2.21	0.69	0.25	-0.04	N/A	N/A	-3.65	2.95	-0.54	-1.80	0.46	N/A	
<b>Firefighters' Retirement - Gross</b>	<b>9.52</b>	<b>-2.61</b>	<b>3.26</b>	<b>6.33</b>	<b>6.74</b>	<b>8.01</b>	<b>9.38</b>	<b>5.93</b>	<b>17.46</b>	<b>-2.01</b>	<b>15.34</b>	<b>7.78</b>	<b>2.32</b>	<b>7.64</b>	<b>07/01/1994</b>
All Public Plans > \$3B Total Fund Median	8.92	-3.56	1.98	5.48	5.90	6.69	8.03	5.68	17.24	-2.79	16.08	7.95	0.57	7.67	
Rank	44	30	29	29	15	10	6	34	42	42	65	56	7	52	
<b>Sheriffs' Retirement - Net</b>	<b>9.38</b>	<b>-2.88</b>	<b>2.70</b>	<b>5.72</b>	<b>6.19</b>	<b>7.45</b>	<b>8.82</b>	<b>5.55</b>	<b>16.75</b>	<b>-2.62</b>	<b>14.80</b>	<b>7.33</b>	<b>1.86</b>	<b>7.36</b>	<b>07/01/1994</b>
Sheriffs' Benchmark	15.69	-5.43	0.53	5.05	5.95	7.51	N/A	N/A	20.43	-5.56	15.35	9.13	1.40	N/A	
Difference	-6.31	2.55	2.17	0.67	0.24	-0.06	N/A	N/A	-3.68	2.94	-0.55	-1.80	0.46	N/A	
<b>Sheriffs' Retirement - Gross</b>	<b>9.51</b>	<b>-2.61</b>	<b>3.23</b>	<b>6.32</b>	<b>6.74</b>	<b>8.00</b>	<b>9.38</b>	<b>5.95</b>	<b>17.42</b>	<b>-2.02</b>	<b>15.34</b>	<b>7.79</b>	<b>2.32</b>	<b>7.67</b>	<b>07/01/1994</b>
All Public Plans > \$3B Total Fund Median	8.92	-3.56	1.98	5.48	5.90	6.69	8.03	5.68	17.24	-2.79	16.08	7.95	0.57	7.67	
Rank	44	30	29	30	15	10	6	34	44	42	64	56	7	50	
<b>Highway Patrol Retirement - Net</b>	<b>9.37</b>	<b>-2.87</b>	<b>2.72</b>	<b>5.73</b>	<b>6.19</b>	<b>7.46</b>	<b>8.84</b>	<b>5.55</b>	<b>16.78</b>	<b>-2.62</b>	<b>14.79</b>	<b>7.30</b>	<b>1.87</b>	<b>7.36</b>	<b>07/01/1994</b>
Highway Patrol Benchmark	15.69	-5.41	0.55	5.06	5.96	7.52	N/A	N/A	20.45	-5.56	15.34	9.11	1.41	N/A	
Difference	-6.32	2.54	2.17	0.67	0.23	-0.06	N/A	N/A	-3.67	2.94	-0.55	-1.81	0.46	N/A	
<b>Highway Patrol Retirement - Gross</b>	<b>9.51</b>	<b>-2.60</b>	<b>3.24</b>	<b>6.34</b>	<b>6.74</b>	<b>8.01</b>	<b>9.40</b>	<b>5.95</b>	<b>17.45</b>	<b>-2.01</b>	<b>15.33</b>	<b>7.77</b>	<b>2.32</b>	<b>7.67</b>	<b>07/01/1994</b>
All Public Plans > \$3B Total Fund Median	8.92	-3.56	1.98	5.48	5.90	6.69	8.03	5.68	17.24	-2.79	16.08	7.95	0.57	7.67	
Rank	44	30	29	29	15	10	5	34	43	41	65	56	7	50	

Net performance shown is net of all manager fees and expenses (Net-All). All Public Plans > \$3B Total Fund Median is reported gross of fees. Benchmark returns reflect unmanaged indices which are not impacted by management fees. Fiscal year ends on 06/30. Since inception performance may vary from State Street reported performance due to calculation methodology differences. Retirement plan benchmarks' inception dates were updated to 1/1/2011.

Montana Board of Investments  
Comparative Performance  
Retirement Plans

As of June 30, 2020

	QTD	CYTD	FYTD/ 1 Year	3 Years	5 Years	7 Years	10 Years	20 Years	2019	2018	2017	2016	2015	Since Incep.	Inception Date
<b>Game Wardens' Retirement - Net</b>	<b>9.38</b>	<b>-2.89</b>	<b>2.69</b>	<b>5.72</b>	<b>6.19</b>	<b>7.45</b>	<b>8.82</b>	<b>5.53</b>	<b>16.77</b>	<b>-2.62</b>	<b>14.81</b>	<b>7.31</b>	<b>1.88</b>	<b>7.37</b>	<b>07/01/1994</b>
Game Wardens' Benchmark	15.70	-5.44	0.53	5.05	5.96	7.52	N/A	N/A	20.45	-5.56	15.36	9.14	1.40	N/A	
Difference	-6.32	2.55	2.16	0.67	0.23	-0.07	N/A	N/A	-3.68	2.94	-0.55	-1.83	0.48	N/A	
<b>Game Wardens' Retirement - Gross</b>	<b>9.52</b>	<b>-2.63</b>	<b>3.21</b>	<b>6.32</b>	<b>6.74</b>	<b>8.00</b>	<b>9.38</b>	<b>5.93</b>	<b>17.44</b>	<b>-2.01</b>	<b>15.35</b>	<b>7.78</b>	<b>2.33</b>	<b>7.69</b>	<b>07/01/1994</b>
All Public Plans > \$3B Total Fund Median	8.92	-3.56	1.98	5.48	5.90	6.69	8.03	5.68	17.24	-2.79	16.08	7.95	0.57	7.67	
Rank	44	31	29	30	15	10	6	34	43	42	64	56	7	50	
<b>Judges' Retirement - Net</b>	<b>9.39</b>	<b>-2.88</b>	<b>2.71</b>	<b>5.73</b>	<b>6.20</b>	<b>7.46</b>	<b>8.83</b>	<b>5.55</b>	<b>16.78</b>	<b>-2.64</b>	<b>14.82</b>	<b>7.32</b>	<b>1.86</b>	<b>7.37</b>	<b>07/01/1994</b>
Judges' Benchmark	15.72	-5.43	0.54	5.06	5.96	7.52	N/A	N/A	20.47	-5.57	15.37	9.13	1.40	N/A	
Difference	-6.33	2.55	2.17	0.67	0.24	-0.06	N/A	N/A	-3.69	2.93	-0.55	-1.81	0.46	N/A	
<b>Judges' Retirement - Gross</b>	<b>9.53</b>	<b>-2.61</b>	<b>3.24</b>	<b>6.33</b>	<b>6.74</b>	<b>8.00</b>	<b>9.39</b>	<b>5.95</b>	<b>17.45</b>	<b>-2.03</b>	<b>15.36</b>	<b>7.79</b>	<b>2.32</b>	<b>7.68</b>	<b>07/01/1994</b>
All Public Plans > \$3B Total Fund Median	8.92	-3.56	1.98	5.48	5.90	6.69	8.03	5.68	17.24	-2.79	16.08	7.95	0.57	7.67	
Rank	44	30	29	30	15	10	6	34	43	42	64	56	7	50	
<b>Volunteer Firefighters' Retirement - Net</b>	<b>9.39</b>	<b>-2.88</b>	<b>2.73</b>	<b>5.73</b>	<b>6.16</b>	<b>7.45</b>	<b>8.82</b>	<b>5.99</b>	<b>16.79</b>	<b>-2.64</b>	<b>14.79</b>	<b>7.16</b>	<b>1.91</b>	<b>7.17</b>	<b>07/01/1994</b>
Volunteer Firefighters' Benchmark	15.72	-5.45	0.53	5.05	5.94	7.51	N/A	N/A	20.47	-5.59	15.33	9.11	1.41	N/A	
Difference	-6.33	2.57	2.20	0.68	0.22	-0.06	N/A	N/A	-3.68	2.95	-0.54	-1.95	0.50	N/A	
<b>Volunteer Firefighters' Retirement - Gross</b>	<b>9.53</b>	<b>-2.61</b>	<b>3.25</b>	<b>6.33</b>	<b>6.70</b>	<b>7.99</b>	<b>9.38</b>	<b>6.39</b>	<b>17.46</b>	<b>-2.04</b>	<b>15.34</b>	<b>7.63</b>	<b>2.36</b>	<b>7.48</b>	<b>07/01/1994</b>
All Public Plans > \$3B Total Fund Median	8.92	-3.56	1.98	5.48	5.90	6.69	8.03	5.68	17.24	-2.79	16.08	7.95	0.57	7.67	
Rank	44	30	29	30	16	10	6	12	42	42	65	65	7	69	

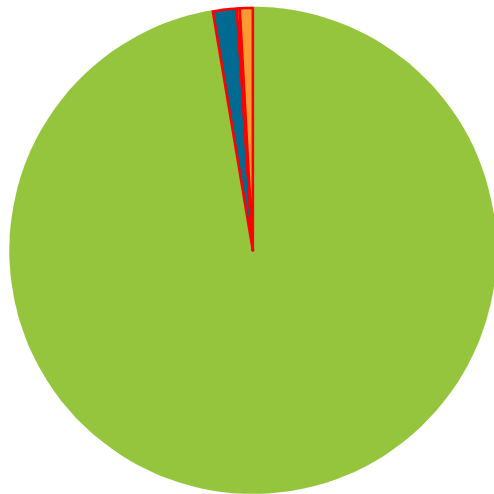
Net performance shown is net of all manager fees and expenses (Net-All). All Public Plans > \$3B Total Fund Median is reported gross of fees. Benchmark returns reflect unmanaged indices which are not impacted by management fees. Fiscal year ends on 06/30. Since inception performance may vary from State Street reported performance due to calculation methodology differences. Retirement plan benchmarks' inception dates were updated to 1/1/2011.

Montana Board of Investments  
Asset Allocation by Segment  
Retirement Plans

As of June 30, 2020

	Consolidated Asset Pension Pool (CAPP)		Short Term Investment Pool (STIP)		Total Fund	
	(\$)	%	(\$)	%	(\$)	%
Public Employees' Retirement	5,775,151,663	49.54	61,333,900	60.41	5,836,485,563	49.63
Teachers' Retirement	4,116,679,332	35.31	20,982,107	20.67	4,137,661,439	35.18
Firefighters' Retirement	454,769,177	3.90	4,567,408	4.50	459,336,585	3.91
Police Retirement	429,317,886	3.68	4,266,789	4.20	433,584,675	3.69
Sheriffs' Retirement	379,310,168	3.25	4,151,792	4.09	383,461,960	3.26
Game Wardens' Retirement	210,059,238	1.80	2,513,133	2.48	212,572,371	1.81
Highway Patrol Retirement	149,444,190	1.28	1,822,230	1.79	151,266,420	1.29
Judges' Retirement	104,563,252	0.90	1,127,196	1.11	105,690,448	0.90
Volunteer Firefighters' Retirement	39,098,370	0.34	762,355	0.75	39,860,725	0.34
<b>Retirement Plans Total Fund Composite</b>	<b>11,658,393,276</b>	<b>99.14</b>	<b>101,526,910</b>	<b>0.86</b>	<b>11,759,920,186</b>	<b>100.00</b>

June 30, 2020 : \$11,759,920,186



Segments

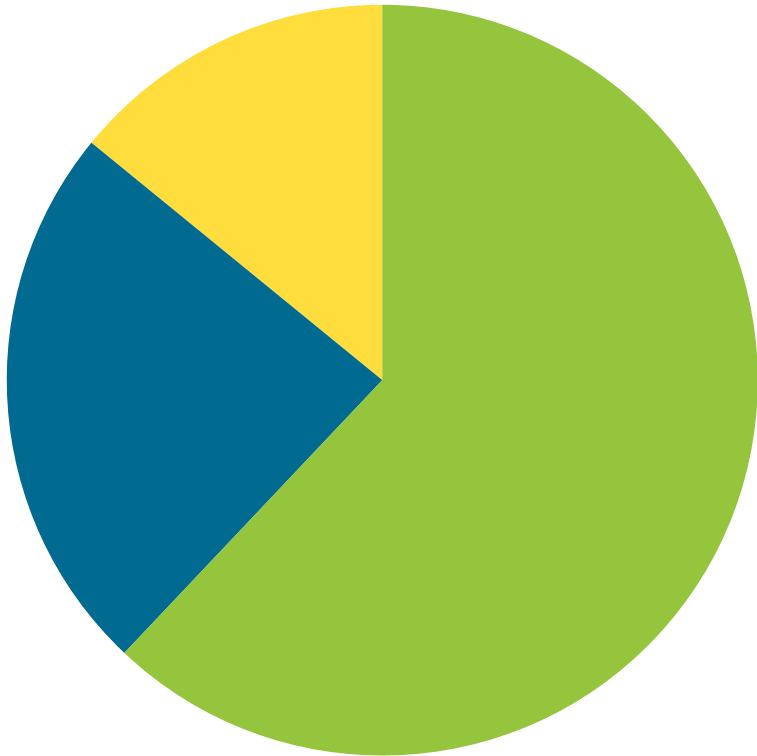
Market Value  
(\$)

Allocation  
(%)

■	CAPP Ex Cash	11,447,941,946	97.35
■	CAPP Cash Pension	188,899,976	1.61
■	CAPP Asset Class Cash	21,551,354	0.18
■	Short Term Investment Pool (STIP)	101,526,910	0.86
□	Total Cash	311,978,240	2.65

Allocations shown may not sum up to 100% exactly due to rounding. Retirement Plan market values may differ from State Street due to uninvested amounts not included in segment totals.

June 30, 2020 : \$18,788,538,590



	Market Value (\$)	Allocation (%)
Consolidated Asset Pension Pool (CAPP)	11,658,393,247	62.05
Short Term Investment Pool	4,480,432,790	23.85
Trust Funds Investment Pool	2,649,712,552	14.10

Allocations shown may not sum up to 100% exactly due to rounding. Market values do not include pending transactions.

**Montana Board of Investments  
Comparative Performance  
Investment Pools**

**As of June 30, 2020**

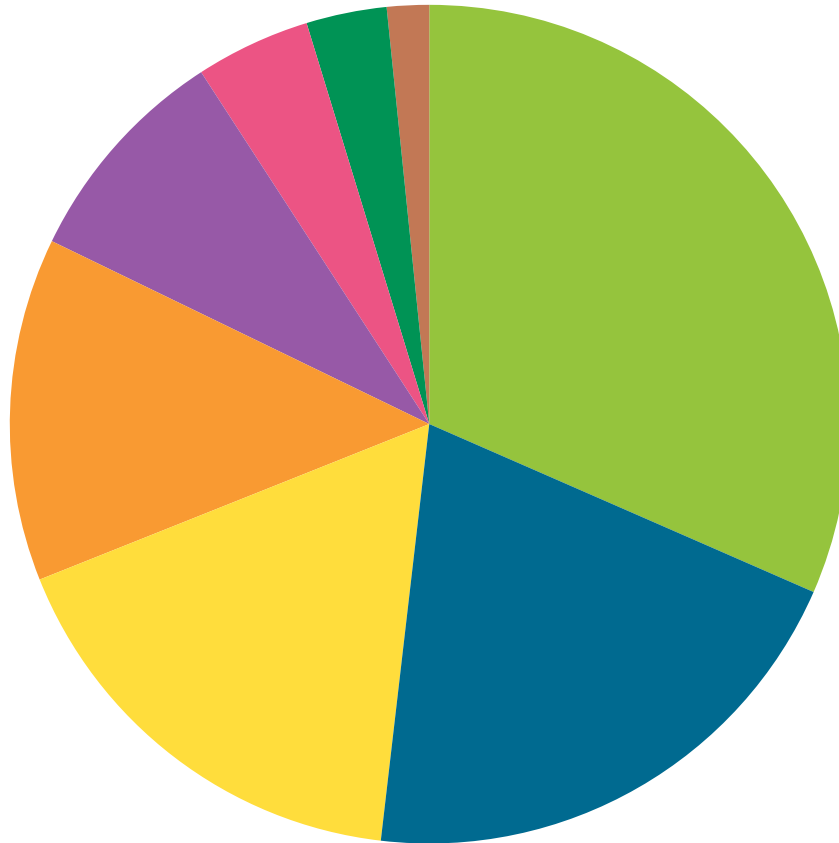
	QTD	CYTD	FYTD/ 1 Year	3 Years	5 Years	7 Years	10 Years	2019	2018	2017	2016	2015	Since Incep.	Inception Date
<b>Consolidated Asset Pension Pool (CAPP)</b>	<b>9.50</b>	<b>-2.89</b>	<b>2.78</b>	<b>5.84</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>17.12</b>	<b>-2.74</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>6.38</b>	<b>04/01/2017</b>
CAPP Custom Benchmark	15.89	-5.48	0.56	5.15	N/A	N/A	N/A	20.88	-5.73	N/A	N/A	N/A	5.58	
Difference	-6.39	2.59	2.22	0.69	N/A	N/A	N/A	-3.76	2.99	N/A	N/A	N/A	0.80	
<b>Trust Funds Investment Pool</b>	<b>3.57</b>	<b>5.36</b>	<b>7.95</b>	<b>5.36</b>	<b>4.73</b>	<b>4.68</b>	<b>4.90</b>	<b>8.98</b>	<b>0.45</b>	<b>4.01</b>	<b>4.02</b>	<b>1.83</b>	<b>6.20</b>	<b>10/01/1995</b>
Bloomberg US Agg Bond Index	2.90	6.14	8.74	5.32	4.30	3.96	3.82	8.72	0.01	3.54	2.65	0.55	5.33	
Difference	0.67	-0.78	-0.79	0.04	0.43	0.72	1.08	0.26	0.44	0.47	1.37	1.28	0.87	
<b>Short Term Investment Pool</b>	<b>0.19</b>	<b>0.58</b>	<b>1.61</b>	<b>1.82</b>	<b>1.34</b>	<b>0.99</b>	<b>0.78</b>	<b>2.28</b>	<b>1.98</b>	<b>1.11</b>	<b>0.61</b>	<b>0.22</b>	<b>2.43</b>	<b>04/01/1997</b>
Short Term Custom Index	0.03	0.32	1.26	1.69	1.24	0.93	0.72	2.14	1.95	1.15	0.52	0.21	2.34	
Difference	0.16	0.26	0.35	0.13	0.10	0.06	0.06	0.14	0.03	-0.04	0.09	0.01	0.09	
iMoney.net Money Fund (Gross) Median	0.26	0.62	1.73	1.96	1.43	1.08	0.84	2.45	2.15	1.21	0.61	0.25	2.42	
Difference	-0.07	-0.04	-0.12	-0.14	-0.09	-0.09	-0.06	-0.17	-0.17	-0.10	0.00	-0.03	0.01	

Performance shown is net of all manager fees and expenses (Net-All). Benchmark returns reflect unmanaged indices which are not impacted by management fees. Fiscal year ends on 06/30. See the Addendum for custom index specification. Since inception performance may vary from State Street reported performance due to calculation methodology differences.

Montana Board of Investments  
Asset Allocation  
Consolidated Asset Pension Pool (CAPP)

As of June 30, 2020

June 30, 2020 : \$11,658,390,344



	Market Value (\$)	Allocation (%)
Domestic Equity	3,679,059,053	31.56
Core Fixed Income	2,364,868,019	20.28
International Equity	1,995,279,459	17.11
Private Investments	1,542,141,177	13.23
Real Estate	1,010,022,045	8.66
Non-Core Fixed Income	516,656,582	4.43
Natural Resources	361,464,033	3.10
Cash Pension	188,899,976	1.62

Allocations shown may not sum up to 100% exactly due to rounding. Core Fixed Income currently consists of Investment Grade Credit, US Treasury & Agency, and TIPS. Non-Core Fixed Income currently consists of High Yield. Private Investments currently consist of Private Equity, Private Credit, Venture Capital, and Passive ETFs.

**Montana Board of Investments  
Comparative Performance  
Consolidated Asset Pension Pool (CAPP)**

**As of June 30, 2020**

	QTD	CYTD	FYTD/ 1 Year	3 Years	5 Years	7 Years	10 Years	2019	2018	2017	2016	2015	Since Incep.	Inception Date
<b>Domestic Equity</b>	<b>21.54</b>	<b>-4.21</b>	<b>5.24</b>	<b>8.88</b>	<b>9.13</b>	<b>11.03</b>	<b>13.18</b>	<b>30.75</b>	<b>-7.09</b>	<b>20.79</b>	<b>11.46</b>	<b>0.86</b>	<b>8.89</b>	<b>05/01/2003</b>
Domestic Equity Custom Index	22.27	-3.34	6.73	10.15	10.34	11.84	13.83	31.14	-5.20	21.05	13.03	1.01	9.73	
Difference	-0.73	-0.87	-1.49	-1.27	-1.21	-0.81	-0.65	-0.39	-1.89	-0.26	-1.57	-0.15	-0.84	
<b>International Equity</b>	<b>17.96</b>	<b>-10.13</b>	<b>-3.69</b>	<b>1.62</b>	<b>2.85</b>	<b>4.29</b>	<b>5.42</b>	<b>22.86</b>	<b>-14.99</b>	<b>28.67</b>	<b>3.87</b>	<b>-3.57</b>	<b>4.33</b>	<b>04/01/1997</b>
International Equity Custom Index	16.96	-11.24	-4.74	0.96	2.30	3.80	5.07	21.63	-14.76	27.81	4.41	-4.60	4.56	
Difference	1.00	1.11	1.05	0.66	0.55	0.49	0.35	1.23	-0.23	0.86	-0.54	1.03	-0.23	
<b>Core Fixed Income</b>	<b>3.49</b>	<b>6.74</b>	<b>8.57</b>	<b>5.09</b>	<b>4.10</b>	<b>3.96</b>	<b>4.29</b>	<b>6.90</b>	<b>0.95</b>	<b>2.29</b>	<b>3.19</b>	<b>0.79</b>	<b>6.12</b>	<b>04/01/1995</b>
Core Fixed Income Custom Index	3.01	5.88	7.73	4.68	3.83	3.64	3.63	6.81	0.67	2.46	2.85	0.55	5.48	
Difference	0.48	0.86	0.84	0.41	0.27	0.32	0.66	0.09	0.28	-0.17	0.34	0.24	0.64	
<b>Non-Core Fixed Income</b>	<b>9.03</b>	<b>-3.65</b>	<b>0.43</b>	<b>2.97</b>	<b>4.00</b>	<b>4.57</b>	<b>6.38</b>	<b>13.98</b>	<b>-2.27</b>	<b>5.99</b>	<b>12.47</b>	<b>-2.52</b>	<b>7.59</b>	<b>06/01/2009</b>
Bloomberg US HY 2% Issuer Cap Index	10.14	-3.83	0.00	3.32	4.79	4.99	6.67	14.32	-2.08	7.50	17.13	-4.43	8.56	
Difference	-1.11	0.18	0.43	-0.35	-0.79	-0.42	-0.29	-0.34	-0.19	-1.51	-4.66	1.91	-0.97	
<b>Natural Resources</b>	<b>-0.14</b>	<b>-16.45</b>	<b>-18.56</b>	<b>-4.47</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>-2.18</b>	<b>5.55</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>-2.69</b>	<b>04/01/2017</b>
MSCI ACW Cmtty Producers Index (USD) (Net)	20.15	-26.47	-26.75	-4.13	-2.89	-3.16	-1.29	13.06	-11.75	13.70	32.44	-25.83	-4.97	
Difference	-20.29	10.02	8.19	-0.34	N/A	N/A	N/A	-15.24	17.30	N/A	N/A	N/A	2.28	
<b>Real Estate</b>	<b>0.31</b>	<b>-2.36</b>	<b>0.74</b>	<b>5.53</b>	<b>7.70</b>	<b>9.02</b>	<b>9.94</b>	<b>6.97</b>	<b>9.19</b>	<b>9.17</b>	<b>8.82</b>	<b>14.27</b>	<b>3.81</b>	<b>06/01/2006</b>
Real Estate Custom Index	11.70	-18.45	-12.87	0.08	3.94	6.34	8.59	25.84	-4.57	5.99	9.08	13.86	4.60	
Difference	-11.39	16.09	13.61	5.45	3.76	2.68	1.35	-18.87	13.76	3.18	-0.26	0.41	-0.79	
<b>Cash Pension</b>	<b>0.20</b>	<b>0.73</b>	<b>1.65</b>	<b>1.82</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>2.28</b>	<b>2.00</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>1.80</b>	<b>05/01/2017</b>
Short Term Custom Index	0.03	0.32	1.26	1.69	1.24	0.93	0.72	2.14	1.95	1.15	0.52	0.21	1.66	
Difference	0.17	0.41	0.39	0.13	N/A	N/A	N/A	0.14	0.05	N/A	N/A	N/A	0.14	
<b>Private Investments*</b>	<b>-4.69</b>	<b>-4.05</b>	<b>3.23</b>	<b>9.26</b>	<b>9.28</b>	<b>10.17</b>	<b>11.58</b>	<b>12.95</b>	<b>11.55</b>	<b>15.20</b>	<b>7.37</b>	<b>7.20</b>	<b>11.65</b>	<b>05/01/2002</b>
Private Equity Custom Index	27.06	-12.66	-6.20	3.49	6.69	10.83	12.78	27.38	-9.99	20.59	20.11	3.68	10.16	
Difference	-31.75	8.61	9.43	5.77	2.59	-0.66	-1.20	-14.43	21.54	-5.39	-12.74	3.52	1.49	

For additional information on the Private Equity Custom Index, please see the Addendum. \*Performance is based on the prior quarter's fair market value adjusted for cash flows during the most recent quarterly period.

Performance shown is net of all manager fees and expenses (Net-All). Benchmark returns reflect unmanaged indices which are not impacted by management fees. Fiscal year ends on 06/30. Please see Addendum for custom index specification. Since inception performance may vary from State Street reported performance due to calculation methodology differences. Core Fixed Income currently consists of Investment Grade Credit, US Treasury & Agency, and TIPS. Non-Core Fixed Income currently consists of High Yield. Private Investments currently consist of Private Equity, Private Credit, Venture Capital, and Passive ETFs.



Montana Board of Investments  
Comparative Performance  
Investment Pools

As of June 30, 2020

	QTD	CYTD	FYTD/ 1 Year	3 Years	5 Years	7 Years	10 Years	2019	2018	2017	2016	2015	Since Incep.	Inception Date
<b>Domestic Equity</b>	<b>21.60</b>	<b>-4.10</b>	<b>5.51</b>	<b>9.21</b>	<b>9.45</b>	<b>11.35</b>	<b>13.53</b>	<b>31.13</b>	<b>-6.78</b>	<b>21.16</b>	<b>11.77</b>	<b>1.14</b>	<b>9.19</b>	<b>05/01/2003</b>
All Public Plans-US Equity Segment Median	21.87	-4.86	4.26	8.72	8.91	10.68	13.15	30.04	-5.83	20.31	12.78	0.14	9.24	
Rank	56	34	29	41	36	32	35	28	74	32	74	24	65	
Population	67	67	64	59	57	50	40	65	66	88	90	81	12	
<b>International Equity</b>	<b>18.05</b>	<b>-9.99</b>	<b>-3.36</b>	<b>1.94</b>	<b>3.19</b>	<b>4.62</b>	<b>5.78</b>	<b>23.28</b>	<b>-14.72</b>	<b>29.06</b>	<b>4.24</b>	<b>-3.25</b>	<b>4.75</b>	<b>04/01/1997</b>
All Public Plans-Intl. Equity Segment Median	17.76	-10.04	-3.05	2.08	3.17	4.87	6.52	23.71	-13.63	28.81	4.00	-2.54	N/A	
Rank	45	50	55	59	50	72	77	62	78	46	44	64	N/A	
Population	70	68	64	62	60	51	39	65	68	83	88	77	N/A	
<b>Core Fixed Income</b>	<b>3.50</b>	<b>6.77</b>	<b>8.62</b>	<b>5.14</b>	<b>4.14</b>	<b>4.00</b>	<b>4.33</b>	<b>6.94</b>	<b>1.00</b>	<b>2.34</b>	<b>3.21</b>	<b>0.82</b>	<b>6.81</b>	<b>12/01/2019</b>
All Public Plans-US Fixed Income Segment Median	4.99	5.27	7.80	5.20	4.60	4.35	4.68	9.25	-0.25	4.54	4.61	0.21	5.33	
Rank	80	19	28	54	75	69	63	86	12	90	73	28	18	
Population	72	72	69	64	63	57	45	68	72	84	90	77	70	
<b>Trust Funds Investment Pool</b>	<b>3.59</b>	<b>5.40</b>	<b>8.02</b>	<b>5.44</b>	<b>4.81</b>	<b>4.77</b>	<b>4.99</b>	<b>9.06</b>	<b>0.53</b>	<b>4.10</b>	<b>4.12</b>	<b>1.89</b>	<b>6.26</b>	<b>10/01/1995</b>
All Public Plans-US Fixed Income Segment Median	4.99	5.27	7.80	5.20	4.60	4.35	4.68	9.25	-0.25	4.54	4.61	0.21	N/A	
Rank	77	44	45	37	40	35	32	53	22	62	61	5	N/A	
Population	72	72	69	64	63	57	45	68	72	84	90	77	N/A	
<b>Real Estate</b>	<b>0.78</b>	<b>-1.35</b>	<b>2.18</b>	<b>7.27</b>	<b>9.33</b>	<b>10.60</b>	<b>11.58</b>	<b>8.65</b>	<b>11.12</b>	<b>10.91</b>	<b>10.26</b>	<b>15.68</b>	<b>5.29</b>	<b>06/01/2006</b>
All Public Plans-Real Estate Segment Median	-0.87	-0.15	3.53	7.21	8.82	10.53	11.42	7.65	9.04	8.92	9.98	13.42	N/A	
Rank	22	76	75	48	31	50	43	39	15	27	47	10	N/A	
Population	47	44	35	28	21	16	12	35	27	31	28	26	N/A	

Performance shown is gross of fees. Fiscal year ends on 06/30. Since inception performance may vary from State Street reported performance due to calculation methodology differences. Core Fixed Income currently consists of Investment Grade Credit, US Treasury & Agency, and TIPS. Non-Core Fixed Income currently consists of High Yield.

Montana Board of Investments  
Comparative Performance  
Equity Composites

As of June 30, 2020

	QTD	CYTD	FYTD/ 1 Year	3 Years	5 Years	7 Years	10 Years	2019	2018	2017	2016	2015	Since Incep.	Inception Date
<b>Domestic Large Cap Equity - Net</b>	<b>21.49</b>	<b>-2.27</b>	<b>8.18</b>	<b>10.77</b>	<b>10.63</b>	<b>12.17</b>	<b>13.94</b>	<b>31.06</b>	<b>-4.71</b>	<b>21.66</b>	<b>11.30</b>	<b>1.76</b>	<b>8.12</b>	<b>12/01/2006</b>
S&P 500 Index (Cap Wtd)	20.54	-3.08	7.51	10.73	10.73	12.13	13.99	31.49	-4.38	21.83	11.96	1.38	8.28	
Difference	0.95	0.81	0.67	0.04	-0.10	0.04	-0.05	-0.43	-0.33	-0.17	-0.66	0.38	-0.16	
<b>Domestic Large Cap Equity - Gross</b>	<b>21.54</b>	<b>-2.18</b>	<b>8.37</b>	<b>10.97</b>	<b>10.80</b>	<b>12.35</b>	<b>14.15</b>	<b>31.29</b>	<b>-4.52</b>	<b>21.82</b>	<b>11.45</b>	<b>1.91</b>	<b>8.35</b>	<b>12/01/2006</b>
IM U.S. Large Cap Equity (SA+CF) Median	20.55	-4.30	5.69	9.71	9.63	11.64	13.71	30.22	-5.12	21.71	11.02	0.94	8.33	
Rank	42	35	34	37	35	37	39	41	44	49	47	39	50	
<b>Domestic Large Cap Active - Net</b>	<b>21.11</b>	<b>-2.42</b>	<b>7.65</b>	<b>10.27</b>	<b>10.05</b>	<b>11.99</b>	<b>13.79</b>	<b>31.03</b>	<b>-5.88</b>	<b>21.85</b>	<b>9.63</b>	<b>2.40</b>	<b>7.60</b>	<b>07/01/2007</b>
S&P 500 Index (Cap Wtd)	20.54	-3.08	7.51	10.73	10.73	12.13	13.99	31.49	-4.38	21.83	11.96	1.38	7.99	
Difference	0.57	0.66	0.14	-0.46	-0.68	-0.14	-0.20	-0.46	-1.50	0.02	-2.33	1.02	-0.39	
<b>Domestic Large Cap Active - Gross</b>	<b>21.29</b>	<b>-2.11</b>	<b>8.32</b>	<b>10.90</b>	<b>10.63</b>	<b>12.56</b>	<b>14.36</b>	<b>31.82</b>	<b>-5.34</b>	<b>22.40</b>	<b>10.12</b>	<b>2.88</b>	<b>8.12</b>	<b>07/01/2007</b>
IM U.S. Large Cap Equity (SA+CF) Median	20.55	-4.29	5.69	9.75	9.65	11.65	13.73	30.22	-5.12	21.71	11.02	0.94	8.04	
Rank	43	35	34	37	40	35	36	34	54	43	57	32	47	
<b>Domestic Mid Cap Equity - Net</b>	<b>24.06</b>	<b>-12.81</b>	<b>-6.80</b>	<b>3.04</b>	<b>4.51</b>	<b>7.24</b>	<b>10.64</b>	<b>28.03</b>	<b>-10.75</b>	<b>19.45</b>	<b>12.30</b>	<b>-3.29</b>	<b>7.39</b>	<b>01/01/2005</b>
Russell Mid Cap Index	24.61	-9.13	-2.24	5.79	6.76	9.40	12.35	30.54	-9.06	18.52	13.80	-2.44	8.49	
Difference	-0.55	-3.68	-4.56	-2.75	-2.25	-2.16	-1.71	-2.51	-1.69	0.93	-1.50	-0.85	-1.10	
<b>Domestic Mid Cap Equity - Gross</b>	<b>24.06</b>	<b>-12.81</b>	<b>-6.80</b>	<b>3.34</b>	<b>4.94</b>	<b>7.74</b>	<b>11.17</b>	<b>28.11</b>	<b>-10.28</b>	<b>20.18</b>	<b>12.97</b>	<b>-2.71</b>	<b>7.87</b>	<b>01/01/2005</b>
IM U.S. Mid Cap Equity (SA+CF) Median	23.94	-9.35	-2.24	4.98	6.25	8.93	12.33	30.14	-9.10	19.52	12.71	-1.12	9.06	
Rank	48	64	67	57	67	69	72	65	59	48	49	69	81	
<b>Domestic Small Cap Equity - Net</b>	<b>21.74</b>	<b>-16.00</b>	<b>-10.54</b>	<b>1.45</b>	<b>3.71</b>	<b>7.26</b>	<b>10.53</b>	<b>25.76</b>	<b>-10.51</b>	<b>15.65</b>	<b>19.31</b>	<b>-1.61</b>	<b>10.27</b>	<b>03/01/2003</b>
Russell 2000 Index	25.42	-12.98	-6.63	2.01	4.29	7.17	10.50	25.53	-11.01	14.65	21.31	-4.41	9.79	
Difference	-3.68	-3.02	-3.91	-0.56	-0.58	0.09	0.03	0.23	0.50	1.00	-2.00	2.80	0.48	
<b>Domestic Small Cap Equity - Gross</b>	<b>21.84</b>	<b>-15.85</b>	<b>-10.22</b>	<b>1.88</b>	<b>4.23</b>	<b>7.84</b>	<b>11.17</b>	<b>26.25</b>	<b>-10.09</b>	<b>16.27</b>	<b>19.97</b>	<b>-0.93</b>	<b>10.80</b>	<b>03/01/2003</b>
IM U.S. Small Cap Equity (SA+CF) Median	25.30	-14.21	-7.74	2.01	4.61	7.77	11.24	25.85	-10.64	15.12	20.87	-2.32	11.03	
Rank	71	56	58	51	55	50	52	48	48	44	57	36	55	

Net performance shown is net of all manager fees and expenses (Net-All). Gross returns are compared to median performance of similar managers. A peer group of similar managers may not exist for all composites. Fiscal year ends on 06/30. Since inception performance may vary from State Street reported performance due to calculation methodology differences.

Montana Board of Investments  
Comparative Performance  
Equity Composites

As of June 30, 2020

	QTD	CYTD	FYTD/ 1 Year	3 Years	5 Years	7 Years	10 Years	2019	2018	2017	2016	2015	Since Incep.	Inception Date
<b>International Large Cap Passive - Net</b>	<b>16.27</b>	<b>-10.82</b>	<b>-4.61</b>	<b>1.34</b>	<b>2.70</b>	<b>4.04</b>	<b>5.24</b>	<b>21.59</b>	<b>-14.04</b>	<b>27.79</b>	<b>4.87</b>	<b>-4.71</b>	<b>5.54</b>	<b>06/01/2009</b>
MSCI ACW Ex US Index (USD) (Net)	16.12	-11.00	-4.80	1.13	2.26	3.71	4.97	21.51	-14.20	27.19	4.50	-5.66	5.31	
Difference	0.15	0.18	0.19	0.21	0.44	0.33	0.27	0.08	0.16	0.60	0.37	0.95	0.23	
<b>International Large Cap Passive - Gross</b>	<b>16.29</b>	<b>-10.79</b>	<b>-4.56</b>	<b>1.40</b>	<b>2.77</b>	<b>4.12</b>	<b>5.32</b>	<b>21.66</b>	<b>-13.98</b>	<b>27.88</b>	<b>4.96</b>	<b>-4.63</b>	<b>5.62</b>	<b>06/01/2009</b>
<b>International Equity Active - Net</b>	<b>20.03</b>	<b>-9.63</b>	<b>-2.49</b>	<b>2.18</b>	<b>3.81</b>	<b>5.22</b>	<b>6.28</b>	<b>25.83</b>	<b>-16.18</b>	<b>30.82</b>	<b>2.63</b>	<b>0.41</b>	<b>3.32</b>	<b>04/01/1997</b>
MSCI ACW Ex US Index (USD) (Net)	16.12	-11.00	-4.80	1.13	2.26	3.71	4.97	21.51	-14.20	27.19	4.50	-5.66	N/A	
Difference	3.91	1.37	2.31	1.05	1.55	1.51	1.31	4.32	-1.98	3.63	-1.87	6.07	N/A	
<b>International Equity Active - Gross</b>	<b>20.18</b>	<b>-9.40</b>	<b>-1.98</b>	<b>2.71</b>	<b>4.36</b>	<b>5.75</b>	<b>6.80</b>	<b>26.48</b>	<b>-15.73</b>	<b>31.50</b>	<b>3.17</b>	<b>0.90</b>	<b>3.83</b>	<b>04/01/1997</b>
IM International Large Cap Core Equity (SA+CF) Median	16.81	-10.26	-3.28	1.99	2.69	4.87	7.09	23.88	-14.63	26.49	1.52	0.25	6.12	
Rank	15	45	42	39	24	30	56	28	67	13	30	42	100	
<b>International Value - Net</b>	<b>14.88</b>	<b>-13.70</b>	<b>-8.83</b>	<b>0.45</b>	<b>2.60</b>	<b>4.08</b>	<b>5.19</b>	<b>20.76</b>	<b>-13.97</b>	<b>30.72</b>	<b>5.59</b>	<b>-5.94</b>	<b>1.37</b>	<b>11/01/2006</b>
MSCI ACW Ex US Val Index (USD) (Net)	12.76	-19.43	-15.26	-3.95	-1.25	0.94	2.79	15.72	-13.97	22.66	8.92	-10.06	0.63	
Difference	2.12	5.73	6.43	4.40	3.85	3.14	2.40	5.04	0.00	8.06	-3.33	4.12	0.74	
<b>International Value - Gross</b>	<b>15.01</b>	<b>-13.48</b>	<b>-8.37</b>	<b>0.97</b>	<b>3.14</b>	<b>4.63</b>	<b>5.76</b>	<b>21.37</b>	<b>-13.52</b>	<b>31.39</b>	<b>6.17</b>	<b>-5.46</b>	<b>1.94</b>	<b>11/01/2006</b>
IM International Large Cap Value Equity (SA+CF) Median	15.40	-15.07	-8.27	-1.19	1.20	3.39	5.97	21.19	-14.51	26.02	4.28	-1.92	3.12	
Rank	54	40	51	31	28	33	57	47	40	12	30	82	77	
<b>International Growth - Net</b>	<b>21.52</b>	<b>-4.29</b>	<b>4.43</b>	<b>4.92</b>	<b>5.17</b>	<b>5.86</b>	<b>6.85</b>	<b>31.39</b>	<b>-16.09</b>	<b>28.01</b>	<b>0.51</b>	<b>1.69</b>	<b>3.27</b>	<b>11/01/2006</b>
MSCI ACW Ex US Grth Index (USD) (Net)	19.11	-2.62	5.80	6.07	5.61	6.32	7.04	27.34	-14.43	32.01	0.12	-1.25	4.11	
Difference	2.41	-1.67	-1.37	-1.15	-0.44	-0.46	-0.19	4.05	-1.66	-4.00	0.39	2.94	-0.84	
<b>International Growth - Gross</b>	<b>21.68</b>	<b>-4.03</b>	<b>5.00</b>	<b>5.50</b>	<b>5.77</b>	<b>6.43</b>	<b>7.41</b>	<b>32.10</b>	<b>-15.61</b>	<b>28.74</b>	<b>1.12</b>	<b>2.21</b>	<b>3.82</b>	<b>11/01/2006</b>
IM International Large Cap Growth Equity (SA+CF) Median	19.95	-3.20	4.55	6.36	5.47	6.91	8.49	28.31	-13.90	31.38	-0.04	2.31	4.95	
Rank	31	58	48	57	49	61	71	19	66	68	35	51	78	
<b>International Small Cap - Net</b>	<b>24.82</b>	<b>-11.71</b>	<b>-3.61</b>	<b>0.29</b>	<b>3.05</b>	<b>5.60</b>	<b>7.19</b>	<b>23.91</b>	<b>-18.90</b>	<b>33.61</b>	<b>1.84</b>	<b>5.16</b>	<b>3.71</b>	<b>09/01/2006</b>
MSCI ACWI Ex US Sm Cap Index IMI (USD) (Net)	22.83	-12.80	-4.34	-0.17	2.50	4.74	6.05	22.42	-18.20	31.65	3.91	2.60	4.13	
Difference	1.99	1.09	0.73	0.46	0.55	0.86	1.14	1.49	-0.70	1.96	-2.07	2.56	-0.42	

Gross of fees performance is not available (N/A) for the International Small Cap composite which currently consists of DFA Intl Sm Co;I (DFISX), DFA Emg Mkts Sm Cap;I (DEMSX), BlackRock ACWI Ex-US Small Cap (CF), Templeton Investment Counsel (SA), and American Century Investment Mgmt (SA).

Net performance shown is net of all manager fees and expenses (Net-All). Gross returns are compared to median performance of similar managers. A peer group of similar managers may not exist for all composites. Fiscal year ends on 06/30. Since inception performance may vary from State Street reported performance due to calculation methodology differences.

Montana Board of Investments  
Comparative Performance  
Equity Sub Composites

As of June 30, 2020

	QTD	CYTD	FYTD/ 1 Year	3 Years	5 Years	7 Years	10 Years	2019	2018	2017	2016	2015	Since Incep.	Inception Date
<b>Domestic Large Cap Passive - Net</b>	<b>21.65</b>	<b>-2.13</b>	<b>8.46</b>	<b>11.09</b>	<b>10.75</b>	<b>12.16</b>	<b>14.03</b>	<b>30.99</b>	<b>-3.94</b>	<b>21.34</b>	<b>12.01</b>	<b>0.83</b>	<b>5.92</b>	<b>05/01/2000</b>
S&P 500 Index (Cap Wtd)	20.54	-3.08	7.51	10.73	10.73	12.13	13.99	31.49	-4.38	21.83	11.96	1.38	5.88	
Difference	1.11	0.95	0.95	0.36	0.02	0.03	0.04	-0.50	0.44	-0.49	0.05	-0.55	0.04	
<b>Domestic Large Cap Passive - Gross</b>	<b>21.65</b>	<b>-2.12</b>	<b>8.47</b>	<b>11.10</b>	<b>10.76</b>	<b>12.17</b>	<b>14.04</b>	<b>31.00</b>	<b>-3.93</b>	<b>21.35</b>	<b>12.03</b>	<b>0.84</b>	<b>5.95</b>	<b>05/01/2000</b>
IM U.S. Large Cap Index Equity (SA+CF) Median	21.51	-3.08	7.45	10.62	10.47	12.03	13.94	31.41	-4.78	21.70	12.03	0.96	6.07	
Rank	46	16	15	21	24	27	25	65	18	58	51	58	67	
<b>Domestic Large Cap Enhanced - Net</b>	<b>20.65</b>	<b>-4.56</b>	<b>5.97</b>	<b>10.61</b>	<b>10.85</b>	<b>12.39</b>	<b>14.29</b>	<b>32.81</b>	<b>-4.20</b>	<b>24.21</b>	<b>9.73</b>	<b>3.18</b>	<b>8.45</b>	<b>06/01/2006</b>
S&P 500 Index (Cap Wtd)	20.54	-3.08	7.51	10.73	10.73	12.13	13.99	31.49	-4.38	21.83	11.96	1.38	8.80	
Difference	0.11	-1.48	-1.54	-0.12	0.12	0.26	0.30	1.32	0.18	2.38	-2.23	1.80	-0.35	
<b>Domestic Large Cap Enhanced - Gross</b>	<b>20.73</b>	<b>-4.42</b>	<b>6.27</b>	<b>10.91</b>	<b>11.16</b>	<b>12.71</b>	<b>14.62</b>	<b>33.17</b>	<b>-3.96</b>	<b>24.53</b>	<b>10.05</b>	<b>3.50</b>	<b>8.77</b>	<b>06/01/2006</b>
IM U.S. Large Cap Core Equity (SA+CF) Median	20.19	-4.29	5.29	9.71	9.73	11.73	13.83	29.97	-5.17	21.84	10.54	1.43	8.85	
Rank	40	52	41	28	20	24	24	14	29	20	58	25	59	
<b>Domestic Large Cap 130/30 - Net</b>	<b>21.20</b>	<b>-2.06</b>	<b>7.93</b>	<b>10.06</b>	<b>9.33</b>	<b>11.64</b>	<b>13.57</b>	<b>30.67</b>	<b>-7.10</b>	<b>20.28</b>	<b>9.54</b>	<b>1.61</b>	<b>9.28</b>	<b>03/01/2008</b>
S&P 500 Index (Cap Wtd)	20.54	-3.08	7.51	10.73	10.73	12.13	13.99	31.49	-4.38	21.83	11.96	1.38	9.40	
Difference	0.66	1.02	0.42	-0.67	-1.40	-0.49	-0.42	-0.82	-2.72	-1.55	-2.42	0.23	-0.12	
<b>Domestic Large Cap 130/30 - Gross</b>	<b>21.39</b>	<b>-1.73</b>	<b>8.66</b>	<b>10.88</b>	<b>10.09</b>	<b>12.40</b>	<b>14.34</b>	<b>31.57</b>	<b>-6.32</b>	<b>21.10</b>	<b>10.22</b>	<b>2.26</b>	<b>10.02</b>	<b>03/01/2008</b>
IM U.S. Large Cap Core Equity (SA+CF) Median	20.19	-4.29	5.29	9.71	9.73	11.73	13.83	29.97	-5.17	21.84	10.54	1.43	9.41	
Rank	31	24	22	30	45	33	31	33	70	62	55	38	27	

Net performance shown is net of all manager fees and expenses (Net-All). Gross returns are compared to median performance of similar managers. A peer group of similar managers may not exist for all composites. Fiscal year ends on 06/30. Since inception performance may vary from State Street reported performance due to calculation methodology differences.

Montana Board of Investments  
Comparative Performance  
Domestic Equity Managers

As of June 30, 2020

	QTD	CYTD	FYTD/ 1 Year	3 Years	5 Years	7 Years	10 Years	2019	2018	2017	2016	2015	Since Incep.	Inception Date
<b>Domestic Large Cap Equity</b>														
<b>BlackRock MSCI US Equity Index (SA) - Net</b>	21.74	-2.19	8.39	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	10.28	04/01/2019
MSCI US Index (USD) (Gross)	21.76	-2.16	8.42	11.03	10.76	12.22	14.09	31.64	-4.50	21.90	11.61	1.32	10.32	
Difference	-0.02	-0.03	-0.03	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-0.04	
<b>BlackRock MSCI US Equity Index (SA) - Gross</b>	21.74	-2.18	8.40	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	10.29	04/01/2019
<b>SPDR S&amp;P 500 ETF (SPY) - Net</b>	20.21	-2.38	8.69	10.65	N/A	N/A	N/A	31.49	-5.30	N/A	N/A	N/A	10.65	07/01/2017
S&P 500 Index (Cap Wtd)	20.54	-3.08	7.51	10.73	10.73	12.13	13.99	31.49	-4.38	21.83	11.96	1.38	10.73	
Difference	-0.33	0.70	1.18	-0.08	N/A	N/A	N/A	0.00	-0.92	N/A	N/A	N/A	-0.08	
<b>Northern Trust MSCI US Index (SA) - Net</b>	21.75	-2.17	8.41	N/A	N/A	N/A	N/A	31.70	N/A	N/A	N/A	N/A	11.28	11/01/2018
MSCI US Index (USD) (Gross)	21.76	-2.16	8.42	11.03	10.76	12.22	14.09	31.64	-4.50	21.90	11.61	1.32	11.27	
Difference	-0.01	-0.01	-0.01	N/A	N/A	N/A	N/A	0.06	N/A	N/A	N/A	N/A	0.01	
<b>Northern Trust MSCI US Index (SA) - Gross</b>	21.75	-2.16	8.42	N/A	N/A	N/A	N/A	31.71	N/A	N/A	N/A	N/A	11.30	11/01/2018
IM U.S. Large Cap Core Equity (SA+CF) Median	20.19	-4.29	5.29	9.71	9.73	11.73	13.83	29.97	-5.17	21.84	10.54	1.43	9.19	
Rank	28	28	24	N/A	N/A	N/A	N/A	32	N/A	N/A	N/A	N/A	28	
<b>T. Rowe U.S. Structured Research (SA) - Net</b>	20.65	-4.56	5.97	10.61	10.99	12.44	14.15	32.81	-4.20	23.94	10.68	3.30	9.20	06/01/2006
S&P 500 Index (Cap Wtd)	20.54	-3.08	7.51	10.73	10.73	12.13	13.99	31.49	-4.38	21.83	11.96	1.38	8.80	
Difference	0.11	-1.48	-1.54	-0.12	0.26	0.31	0.16	1.32	0.18	2.11	-1.28	1.92	0.40	
<b>T. Rowe U.S. Structured Research (SA) - Gross</b>	20.73	-4.42	6.27	10.90	11.29	12.75	14.48	33.17	-3.96	24.24	10.98	3.61	9.52	06/01/2006
IM U.S. Large Cap Core Equity (SA+CF) Median	20.19	-4.29	5.29	9.71	9.73	11.73	13.83	29.97	-5.17	21.84	10.54	1.43	8.85	
Rank	40	52	41	28	17	24	29	14	29	24	46	25	30	
<b>Jacobs Levy 130/30 (SA) - Net</b>	19.26	-5.64	3.51	N/A	N/A	N/A	N/A	31.63	N/A	N/A	N/A	N/A	6.50	04/01/2018
MSCI US Index (USD) (Gross)	21.76	-2.16	8.42	11.03	10.76	12.22	14.09	31.64	-4.50	21.90	11.61	1.32	9.94	
Difference	-2.50	-3.48	-4.91	N/A	N/A	N/A	N/A	-0.01	N/A	N/A	N/A	N/A	-3.44	
<b>Jacobs Levy 130/30 (SA) - Gross</b>	19.45	-5.32	4.22	N/A	N/A	N/A	N/A	32.55	N/A	N/A	N/A	N/A	7.30	04/01/2018
IM U.S. Large Cap Core Equity (SA+CF) Median	20.19	-4.29	5.29	9.71	9.73	11.73	13.83	29.97	-5.17	21.84	10.54	1.43	7.83	
Rank	59	61	62	N/A	N/A	N/A	N/A	22	N/A	N/A	N/A	N/A	57	

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	QTD	CYTD	FYTD/ 1 Year	3 Years	5 Years	7 Years	10 Years	2019	2018	2017	2016	2015	Since Incep.	Inception Date
<b>J.P. Morgan 130/30 (SA) - Net</b>	<b>23.32</b>	<b>2.04</b>	<b>13.01</b>	<b>11.66</b>	<b>10.45</b>	<b>12.69</b>	<b>14.23</b>	<b>30.55</b>	<b>-6.93</b>	<b>22.86</b>	<b>10.30</b>	<b>0.01</b>	<b>10.54</b>	<b>03/01/2008</b>
S&P 500 Index (Cap Wtd)	20.54	-3.08	7.51	10.73	10.73	12.13	13.99	31.49	-4.38	21.83	11.96	1.38	9.40	
Difference	2.78	5.12	5.50	0.93	-0.28	0.56	0.24	-0.94	-2.55	1.03	-1.66	-1.37	1.14	
<b>J.P. Morgan 130/30 (SA) - Gross</b>	<b>23.52</b>	<b>2.39</b>	<b>13.76</b>	<b>12.50</b>	<b>11.27</b>	<b>13.51</b>	<b>15.06</b>	<b>31.42</b>	<b>-6.13</b>	<b>23.79</b>	<b>11.09</b>	<b>0.72</b>	<b>11.34</b>	<b>03/01/2008</b>
IM U.S. Large Cap Core Equity (SA+CF) Median	20.19	-4.29	5.29	9.71	9.73	11.73	13.83	29.97	-5.17	21.84	10.54	1.43	9.41	
Rank	10	7	7	13	18	10	16	36	67	28	45	59	4	
<b>Domestic Mid Cap Equity</b>														
<b>iShares:Core S&amp;P Md-Cp (IJH) - Net</b>	<b>24.06</b>	<b>-12.81</b>	<b>-6.80</b>	<b>1.30</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>26.24</b>	<b>-13.95</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>1.30</b>	<b>07/01/2017</b>
S&P Mid Cap 400 Index (Cap Wtd)	24.07	-12.78	-6.70	2.39	5.22	8.04	11.34	26.20	-11.08	16.24	20.74	-2.18	2.39	
Difference	-0.01	-0.03	-0.10	-1.09	N/A	N/A	N/A	0.04	-2.87	N/A	N/A	N/A	-1.09	

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<b>Domestic Small Cap Equity</b>														
<b>Vaughan Nelson Management (SA) - Net</b>	<b>16.38</b>	<b>-18.00</b>	<b>-13.36</b>	<b>-1.43</b>	<b>1.06</b>	<b>5.82</b>	<b>9.37</b>	<b>25.34</b>	<b>-13.78</b>	<b>6.83</b>	<b>20.50</b>	<b>0.16</b>	<b>7.15</b>	<b>03/01/2007</b>
Russell 2000 Val Index	18.91	-23.50	-17.48	-4.35	1.26	3.98	7.82	22.39	-12.86	7.84	31.74	-7.47	3.64	
Difference	-2.53	5.50	4.12	2.92	-0.20	1.84	1.55	2.95	-0.92	-1.01	-11.24	7.63	3.51	
<b>Vaughan Nelson Management (SA) - Gross</b>	<b>16.58</b>	<b>-17.69</b>	<b>-12.71</b>	<b>-0.70</b>	<b>1.84</b>	<b>6.66</b>	<b>10.25</b>	<b>26.25</b>	<b>-13.13</b>	<b>7.66</b>	<b>21.49</b>	<b>0.98</b>	<b>8.04</b>	<b>03/01/2007</b>
IM U.S. Small Cap Value Equity (SA+CF) Median	21.18	-21.45	-15.08	-2.48	1.93	5.30	9.48	25.17	-14.22	11.60	26.60	-4.27	5.88	
Rank	87	26	33	29	53	22	31	35	38	77	76	9	12	
<b>BlackRock MSCI US Sm Cap Equity Index (CF) - Net</b>	<b>27.06</b>	<b>-12.62</b>	<b>-6.18</b>	<b>3.48</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>27.30</b>	<b>-9.96</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>3.48</b>	<b>07/01/2017</b>
MSCI US Sm Cap Index (USD) (Net)	26.92	-12.88	-6.67	2.99	4.80	7.69	11.07	26.74	-10.40	16.75	19.15	-4.11	2.99	
Difference	0.14	0.26	0.49	0.49	N/A	N/A	N/A	0.56	0.44	N/A	N/A	N/A	0.49	
<b>BlackRock MSCI US Sm Cap Equity Index (CF) - Gross</b>	<b>27.06</b>	<b>-12.61</b>	<b>-6.15</b>	<b>3.52</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>27.34</b>	<b>-9.93</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>3.52</b>	<b>07/01/2017</b>
<b>DFA US Sm Cap Tr (CF) - Net</b>	<b>23.04</b>	<b>-16.90</b>	<b>-11.57</b>	<b>-0.96</b>	<b>2.83</b>	<b>6.29</b>	<b>10.36</b>	<b>21.66</b>	<b>-12.27</b>	<b>11.86</b>	<b>24.42</b>	<b>-2.64</b>	<b>10.19</b>	<b>03/01/2003</b>
Russell 2000 Index	25.42	-12.98	-6.63	2.01	4.29	7.17	10.50	25.53	-11.01	14.65	21.31	-4.41	9.79	
Difference	-2.38	-3.92	-4.94	-2.97	-1.46	-0.88	-0.14	-3.87	-1.26	-2.79	3.11	1.77	0.40	
<b>DFA US Sm Cap Tr (CF) - Gross</b>	<b>23.10</b>	<b>-16.78</b>	<b>-11.28</b>	<b>-0.62</b>	<b>3.18</b>	<b>6.65</b>	<b>10.74</b>	<b>22.07</b>	<b>-11.95</b>	<b>12.25</b>	<b>24.85</b>	<b>-2.29</b>	<b>10.51</b>	<b>03/01/2003</b>
IM U.S. Small Cap Core Equity (SA+CF) Median	24.99	-14.56	-8.51	2.16	5.21	8.32	11.72	24.86	-10.69	15.13	20.77	-1.35	10.93	
Rank	68	71	72	71	74	79	72	72	64	72	21	62	65	
<b>iShares:Russ 2000 ETF (IWM) - Net</b>	<b>26.21</b>	<b>-12.48</b>	<b>-6.09</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>25.52</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>-1.45</b>	<b>05/01/2018</b>
Russell 2000 Index	25.42	-12.98	-6.63	2.01	4.29	7.17	10.50	25.53	-11.01	14.65	21.31	-4.41	-1.65	
Difference	0.79	0.50	0.54	N/A	N/A	N/A	N/A	-0.01	N/A	N/A	N/A	N/A	0.20	

Gross of fees performance is not available (N/A) for the following funds: SPDR S&P 500 ETF (SPY), iShares:Core S&P Md-Cp (IJH), and iShares:Russ 2000 ETF (IWM).

The current annual expense ratios for the SPDR S&P 500 ETF (SPY), iShares:Core S&P Md-Cp (IJH), and iShares:Russ 2000 ETF (IWM) are 0.09%, 0.06%, and 0.19%, respectively.

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<b>International Developed Large Cap Equity</b>														
<b>Acadian Asset Non-US Equity (SA) - Net</b>	<b>14.78</b>	<b>-14.36</b>	<b>-9.04</b>	<b>0.26</b>	<b>4.12</b>	<b>5.20</b>	<b>6.94</b>	<b>19.38</b>	<b>-13.44</b>	<b>34.76</b>	<b>12.40</b>	<b>-7.75</b>	<b>2.23</b>	<b>11/01/2006</b>
MSCI ACW Ex US Val Index (USD) (Net)	12.76	-19.43	-15.26	-3.95	-1.25	0.94	2.79	15.72	-13.97	22.66	8.92	-10.06	0.63	
Difference	2.02	5.07	6.22	4.21	5.37	4.26	4.15	3.66	0.53	12.10	3.48	2.31	1.60	
<b>Acadian Asset Non-US Equity (SA) - Gross</b>	<b>14.91</b>	<b>-14.14</b>	<b>-8.57</b>	<b>0.77</b>	<b>4.66</b>	<b>5.75</b>	<b>7.51</b>	<b>19.98</b>	<b>-12.99</b>	<b>35.45</b>	<b>13.01</b>	<b>-7.26</b>	<b>2.80</b>	<b>11/01/2006</b>
IM ACWI Ex US Value (SA+CF) Median	16.19	-14.86	-8.60	-0.76	1.20	3.46	5.94	21.34	-14.78	26.02	4.87	-3.25	3.16	
Rank	65	46	50	33	15	22	25	59	26	8	10	85	59	
<b>Lazard Asset Management (SA) - Net</b>	<b>14.94</b>	<b>-13.26</b>	<b>-8.70</b>	<b>0.49</b>	<b>1.29</b>	<b>N/A</b>	<b>N/A</b>	<b>21.70</b>	<b>-14.32</b>	<b>27.00</b>	<b>0.22</b>	<b>N/A</b>	<b>0.93</b>	<b>06/01/2015</b>
Lazard Custom Index	16.12	-11.00	-4.80	0.30	1.35	2.84	4.13	21.51	-15.55	22.66	8.92	-10.06	0.73	
Difference	-1.18	-2.26	-3.90	0.19	-0.06	N/A	N/A	0.19	1.23	4.34	-8.70	N/A	0.20	
<b>Lazard Asset Management (SA) - Gross</b>	<b>15.08</b>	<b>-13.03</b>	<b>-8.23</b>	<b>1.00</b>	<b>1.82</b>	<b>N/A</b>	<b>N/A</b>	<b>22.31</b>	<b>-13.88</b>	<b>27.65</b>	<b>0.77</b>	<b>N/A</b>	<b>1.46</b>	<b>06/01/2015</b>
IM ACWI Ex US Value (SA+CF) Median	16.19	-14.86	-8.60	-0.76	1.20	3.46	5.94	21.34	-14.78	26.02	4.87	-3.25	0.61	
Rank	64	41	49	32	41	N/A	N/A	43	35	38	86	N/A	41	
<b>BlackRock ACW Ex US SuperFund A (CF) - Net</b>	<b>16.23</b>	<b>-10.87</b>	<b>-4.65</b>	<b>1.35</b>	<b>2.49</b>	<b>3.92</b>	<b>5.18</b>	<b>21.77</b>	<b>-13.99</b>	<b>27.49</b>	<b>4.77</b>	<b>-5.49</b>	<b>5.52</b>	<b>06/01/2009</b>
MSCI ACW Ex US Index (USD) (Net)	16.12	-11.00	-4.80	1.13	2.26	3.71	4.97	21.51	-14.20	27.19	4.50	-5.66	5.31	
Difference	0.11	0.13	0.15	0.22	0.23	0.21	0.21	0.26	0.21	0.30	0.27	0.17	0.21	
<b>BlackRock ACW Ex US SuperFund A (CF) - Gross</b>	<b>16.25</b>	<b>-10.84</b>	<b>-4.58</b>	<b>1.42</b>	<b>2.57</b>	<b>4.00</b>	<b>5.27</b>	<b>21.85</b>	<b>-13.93</b>	<b>27.58</b>	<b>4.86</b>	<b>-5.42</b>	<b>5.61</b>	<b>06/01/2009</b>
IM All ACWI Ex US (SA+CF) Median	18.04	-8.10	-0.85	2.61	3.77	5.26	7.21	24.92	-14.64	28.74	2.11	-0.59	7.45	
Rank	67	65	67	62	63	71	84	65	43	62	25	84	82	
<b>iShares:MSCI EAFE ETF (EFA) - Net</b>	<b>15.55</b>	<b>-10.97</b>	<b>-4.86</b>	<b>1.05</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>22.03</b>	<b>-12.88</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>1.05</b>	<b>07/01/2017</b>
MSCI EAFE Index (USD) (Net)	14.88	-11.34	-5.13	0.81	2.05	3.93	5.73	22.01	-13.79	25.03	1.00	-0.81	0.81	
Difference	0.67	0.37	0.27	0.24	N/A	N/A	N/A	0.02	0.91	N/A	N/A	N/A	0.24	
<b>Baillie Gifford (SA) - Net</b>	<b>25.97</b>	<b>0.86</b>	<b>12.47</b>	<b>7.31</b>	<b>7.20</b>	<b>N/A</b>	<b>N/A</b>	<b>34.34</b>	<b>-17.35</b>	<b>31.99</b>	<b>0.73</b>	<b>N/A</b>	<b>6.58</b>	<b>06/01/2015</b>
MSCI ACW Ex US Grth Index (USD) (Net)	19.11	-2.62	5.80	6.07	5.61	6.32	7.04	27.34	-14.43	32.01	0.12	-1.25	4.97	
Difference	6.86	3.48	6.67	1.24	1.59	N/A	N/A	7.00	-2.92	-0.02	0.61	N/A	1.61	
<b>Baillie Gifford (SA) - Gross</b>	<b>26.11</b>	<b>1.10</b>	<b>13.01</b>	<b>7.84</b>	<b>7.75</b>	<b>N/A</b>	<b>N/A</b>	<b>34.99</b>	<b>-16.93</b>	<b>32.66</b>	<b>1.28</b>	<b>N/A</b>	<b>7.12</b>	<b>06/01/2015</b>
IM ACWI Ex US Growth (SA+CF) Median	20.11	-2.45	6.44	6.63	6.24	7.47	8.81	29.56	-13.78	32.56	-0.76	1.29	5.48	
Rank	10	26	14	37	30	N/A	N/A	9	85	49	33	N/A	32	

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<b>Invesco (SA) - Net</b>	18.14	-8.10	-1.30	3.10	3.59	N/A	N/A	29.29	-15.17	24.92	0.32	N/A	2.91	06/01/2015
MSCI ACW Ex US Grth Index (USD) (Net)	19.11	-2.62	5.80	6.07	5.61	6.32	7.04	27.34	-14.43	32.01	0.12	-1.25	4.97	
Difference	-0.97	-5.48	-7.10	-2.97	-2.02	N/A	N/A	1.95	-0.74	-7.09	0.20	N/A	-2.06	
<b>Invesco (SA) - Gross</b>	18.31	-7.82	-0.71	3.72	4.25	N/A	N/A	30.05	-14.64	25.70	1.01	N/A	3.56	06/01/2015
IM ACWI Ex US Growth (SA+CF) Median	20.11	-2.45	6.44	6.63	6.24	7.47	8.81	29.56	-13.78	32.56	-0.76	1.29	5.48	
Rank	79	87	87	81	81	N/A	N/A	44	56	91	36	N/A	80	
<b>International Developed Small Cap Equity</b>														
<b>American Century Investment Mgmt (SA) - Net</b>	32.16	1.48	11.80	7.45	7.26	N/A	N/A	29.44	-20.76	43.80	-5.31	11.32	5.67	03/01/2014
MSCI ACW Ex US Sm Cap Grth Index (USD) (Net)	27.19	-5.83	3.30	3.21	4.36	6.35	7.19	24.61	-18.27	33.64	-0.28	6.50	3.81	
Difference	4.97	7.31	8.50	4.24	2.90	N/A	N/A	4.83	-2.49	10.16	-5.03	4.82	1.86	
<b>American Century Investment Mgmt (SA) - Gross</b>	32.41	1.91	12.73	8.35	8.16	N/A	N/A	30.50	-20.09	44.99	-4.49	12.25	6.56	03/01/2014
IM ACWI Ex US Growth (SA+CF) Median	20.11	-2.45	6.44	6.63	6.24	7.47	8.81	29.56	-13.78	32.56	-0.76	1.29	5.48	
Rank	3	20	16	25	22	N/A	N/A	42	100	6	79	1	28	
<b>BlackRock MSCI ACW Ex US Sm Cap Index (CF) - Net</b>	22.90	-12.58	-4.06	0.16	2.79	5.02	N/A	22.68	-17.85	31.96	4.26	2.87	5.48	02/01/2012
MSCI ACWI Ex US Sm Cap Index IMI (USD) (Net)	22.83	-12.80	-4.34	-0.17	2.50	4.74	6.05	22.42	-18.20	31.65	3.91	2.60	5.21	
Difference	0.07	0.22	0.28	0.33	0.29	0.28	N/A	0.26	0.35	0.31	0.35	0.27	0.27	
<b>BlackRock MSCI ACW Ex US Sm Cap Index (CF) - Gross</b>	22.93	-12.60	-3.95	0.27	2.94	5.17	N/A	22.90	-17.74	32.15	4.44	3.04	5.64	02/01/2012
<b>DFA Intl Sm Co;l (DFISX) - Net</b>	20.99	-15.56	-6.62	-1.84	2.43	5.11	6.90	24.21	-19.41	30.24	5.74	5.89	6.40	11/01/2004
MSCI Wrld Ex US Sm Cap Index (USD) (Net)	21.66	-12.87	-3.20	0.53	3.56	5.78	7.26	25.41	-18.07	31.04	4.32	5.46	6.24	
Difference	-0.67	-2.69	-3.42	-2.37	-1.13	-0.67	-0.36	-1.20	-1.34	-0.80	1.42	0.43	0.16	
<b>Templeton Investment Counsel (SA) - Net</b>	23.50	-15.28	-8.63	-1.43	1.11	N/A	N/A	24.17	-18.48	33.07	-1.13	1.81	1.54	03/01/2014
Templeton Custom Index	22.83	-12.80	-4.34	-1.02	2.17	4.24	5.69	22.42	-19.75	29.72	8.24	-1.25	1.52	
Difference	0.67	-2.48	-4.29	-0.41	-1.06	N/A	N/A	1.75	1.27	3.35	-9.37	3.06	0.02	
<b>Templeton Investment Counsel (SA) - Gross</b>	23.74	-14.91	-7.85	-0.60	2.00	N/A	N/A	25.20	-17.78	34.21	-0.23	2.73	2.43	03/01/2014
IM ACWI Ex US Value (SA+CF) Median	16.19	-14.86	-8.60	-0.76	1.20	3.46	5.94	21.34	-14.78	26.02	4.87	-3.25	1.24	
Rank	1	53	48	50	41	N/A	N/A	26	84	8	89	9	39	

Net performance shown is net of all manager fees and expenses (Net-All). Gross returns are compared to median performance of similar managers. A peer group of similar managers may not exist for all funds. Fiscal year ends on 06/30. Since inception performance may vary from State Street reported performance due to calculation methodology differences. See the Addendum for custom index specification.

Montana Board of Investments  
Comparative Performance  
International Equity Managers

As of June 30, 2020

	QTD	CYTD	FYTD/ 1 Year	3 Years	5 Years	7 Years	10 Years	2019	2018	2017	2016	2015	Since Incep.	Inception Date
<b>International Emerging Equity</b>														
<b>BlackRock MSCI Emg Mkts Index NL (CF) - Net</b>	<b>18.03</b>	<b>-9.81</b>	<b>-3.54</b>	<b>1.72</b>	<b>2.66</b>	<b>3.00</b>	<b>N/A</b>	<b>18.12</b>	<b>-14.69</b>	<b>37.05</b>	<b>10.85</b>	<b>-15.15</b>	<b>1.95</b>	<b>02/01/2012</b>
MSCI Emg Mkts Index (USD) (Net)	18.08	-9.78	-3.39	1.90	2.86	3.22	3.27	18.44	-14.58	37.28	11.19	-14.92	2.18	
Difference	-0.05	-0.03	-0.15	-0.18	-0.20	-0.22	N/A	-0.32	-0.11	-0.23	-0.34	-0.23	-0.23	
<b>BlackRock MSCI Emg Mkts Index NL (CF) - Gross</b>	<b>18.06</b>	<b>-9.76</b>	<b>-3.43</b>	<b>1.83</b>	<b>2.79</b>	<b>3.16</b>	<b>N/A</b>	<b>18.25</b>	<b>-14.60</b>	<b>37.16</b>	<b>11.08</b>	<b>-14.99</b>	<b>2.12</b>	<b>02/01/2012</b>
<b>iShares:MSCI Em Mkts (EEM) - Net</b>	<b>17.71</b>	<b>-10.31</b>	<b>-4.26</b>	<b>0.74</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>18.12</b>	<b>-16.45</b>	<b>36.86</b>	<b>N/A</b>	<b>N/A</b>	<b>5.63</b>	<b>01/01/2017</b>
MSCI Emg Mkts Index (USD) (Net)	18.08	-9.78	-3.39	1.90	2.86	3.22	3.27	18.44	-14.58	37.28	11.19	-14.92	6.66	
Difference	-0.37	-0.53	-0.87	-1.16	N/A	N/A	N/A	-0.32	-1.87	-0.42	N/A	N/A	-1.03	
<b>DFA Emg Mkts Sm Cap;I (DEMSX) - Net</b>	<b>26.52</b>	<b>-13.41</b>	<b>-9.27</b>	<b>-1.89</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>14.88</b>	<b>-17.56</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>1.39</b>	<b>02/01/2017</b>
MSCI Emg Mkts Sm Cap Index (USD) (Net)	27.14	-12.74	-8.82	-2.95	-1.38	0.96	1.78	11.51	-18.59	33.84	2.28	-6.85	0.37	
Difference	-0.62	-0.67	-0.45	1.06	N/A	N/A	N/A	3.37	1.03	N/A	N/A	N/A	1.02	

Gross of fees performance is not available (N/A) for the following funds: iShares:MSCI EAFE ETF (EFA), International Equity Pool STIF, DFA Intl Sm Co;I (DFISX), iShares:MSCI Em Mkts (EEM), and DFA Emg Mkts Sm Cap;I (DEMSX).

The current annual expense ratios for the iShares:MSCI EAFE ETF (EFA), DFA Intl Sm Co;I (DFISX), iShares:MSCI Em Mkts (EEM), and DFA Emg Mkts Sm Cap;I (DEMSX) are 0.32%, 0.52%, 0.68%, and 0.67%, respectively.

Net performance shown is net of all manager fees and expenses (Net-All). Gross returns are compared to median performance of similar managers. A peer group of similar managers may not exist for all funds. Fiscal year ends on 06/30. Since inception performance may vary from State Street reported performance due to calculation methodology differences. See the Addendum for custom index specification.

Montana Board of Investments  
Comparative Performance  
Core Fixed Income Managers

As of June 30, 2020

	QTD	CYTD	FYTD/ 1 Year	3 Years	5 Years	7 Years	10 Years	2019	2018	2017	2016	2015	Since Incep.	Inception Date
<b>US Fixed Income Aggregate - Net</b>	<b>3.15</b>	<b>6.57</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>6.50</b>	<b>12/01/2019</b>
Bloomberg US Agg Bond Index	2.90	6.14	8.74	5.32	4.30	3.96	3.82	8.72	0.01	3.54	2.65	0.55	6.06	
Difference	0.25	0.43	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.44	
<b>TIPS Portfolio (Internal) - Net</b>	<b>4.18</b>	<b>4.54</b>	<b>6.26</b>	<b>4.18</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>6.96</b>	<b>-0.13</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>3.72</b>	<b>04/01/2017</b>
Bloomberg US Trsy Infl Notes 1-10 Yr Index	3.76	4.08	5.75	3.94	2.97	2.34	2.66	6.85	-0.25	1.90	4.01	-0.52	3.51	
Difference	0.42	0.46	0.51	0.24	N/A	N/A	N/A	0.11	0.12	N/A	N/A	N/A	0.21	
<b>Reams Asset Core Plus (SA) - Net</b>	<b>8.13</b>	<b>12.83</b>	<b>15.45</b>	<b>7.69</b>	<b>5.77</b>	<b>4.90</b>	<b>5.13</b>	<b>8.08</b>	<b>1.31</b>	<b>3.21</b>	<b>4.18</b>	<b>0.07</b>	<b>6.36</b>	<b>10/01/2008</b>
Reams Custom Index	3.81	5.17	7.75	5.00	4.32	4.05	4.06	8.72	0.01	3.83	3.91	0.43	4.87	
Difference	4.32	7.66	7.70	2.69	1.45	0.85	1.07	-0.64	1.30	-0.62	0.27	-0.36	1.49	
<b>Reams Asset Core Plus (SA) - Gross</b>	<b>8.17</b>	<b>12.94</b>	<b>15.66</b>	<b>7.89</b>	<b>5.95</b>	<b>5.09</b>	<b>5.32</b>	<b>8.28</b>	<b>1.49</b>	<b>3.38</b>	<b>4.35</b>	<b>0.24</b>	<b>6.55</b>	<b>10/01/2008</b>
IM U.S. Broad Market Core+ FI (SA+CF) Median	5.90	5.29	8.20	5.49	4.81	4.57	4.90	9.86	-0.32	4.79	4.69	0.29	6.07	
Rank	17	1	1	2	7	21	23	91	4	95	58	53	27	

Net performance shown is net of all manager fees and expenses (Net-All). Gross returns are compared to median performance of similar managers. Fiscal year ends on 06/30. Since inception performance may vary from State Street reported performance due to calculation methodology differences.

Montana Board of Investments  
Comparative Performance  
Non-Core Fixed Income Managers

As of June 30, 2020

	QTD	CYTD	FYTD/ 1 Year	3 Years	5 Years	7 Years	10 Years	2019	2018	2017	2016	2015	Since Incep.	Inception Date
<b>Neuberger Berman High Yield (SA) - Net</b>	<b>9.13</b>	<b>-4.17</b>	<b>-0.19</b>	<b>2.86</b>	<b>4.02</b>	<b>4.39</b>	<b>6.19</b>	<b>13.75</b>	<b>-1.99</b>	<b>5.80</b>	<b>14.98</b>	<b>-4.32</b>	<b>6.39</b>	<b>01/01/2010</b>
Bloomberg US HY 2% Issuer Cap Index	10.14	-3.83	0.00	3.32	4.79	4.99	6.67	14.32	-2.08	7.50	17.13	-4.43	6.78	
Difference	-1.01	-0.34	-0.19	-0.46	-0.77	-0.60	-0.48	-0.57	0.09	-1.70	-2.15	0.11	-0.39	
<b>Neuberger Berman High Yield (SA) - Gross</b>	<b>9.24</b>	<b>-3.97</b>	<b>0.25</b>	<b>3.31</b>	<b>4.48</b>	<b>4.86</b>	<b>6.67</b>	<b>14.26</b>	<b>-1.56</b>	<b>6.27</b>	<b>15.50</b>	<b>-3.89</b>	<b>6.87</b>	<b>01/01/2010</b>
IM U.S. High Yield Bonds (SA+CF) Median	9.15	-3.74	0.11	3.31	4.47	4.86	6.70	14.17	-1.64	7.50	14.07	-2.11	6.82	
Rank	48	56	47	51	50	51	52	50	49	79	33	74	46	
<b>Oaktree US High Yield (SA) (CAPP) - Net</b>	<b>9.32</b>	<b>-3.87</b>	<b>0.48</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>15.44</b>	<b>-3.99</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>2.57</b>	<b>01/01/2018</b>
Bloomberg US HY 2% Issuer Cap Index	10.14	-3.83	0.00	3.32	4.79	4.99	6.67	14.32	-2.08	7.50	17.13	-4.43	2.99	
Difference	-0.82	-0.04	0.48	N/A	N/A	N/A	N/A	1.12	-1.91	N/A	N/A	N/A	-0.42	
<b>Oaktree US High Yield (SA) (CAPP) - Gross</b>	<b>9.44</b>	<b>-3.65</b>	<b>0.97</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>16.02</b>	<b>-3.47</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>3.09</b>	<b>01/01/2018</b>
IM U.S. High Yield Bonds (SA+CF) Median	9.15	-3.74	0.11	3.31	4.47	4.86	6.70	14.17	-1.66	7.50	14.07	-2.11	2.99	
Rank	43	49	36	N/A	N/A	N/A	N/A	15	92	N/A	N/A	N/A	47	
<b>Shenkman High Yield Fixed Income (SA) (CAPP) - Net</b>	<b>8.71</b>	<b>-3.19</b>	<b>0.90</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>13.65</b>	<b>-1.96</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>2.82</b>	<b>12/01/2017</b>
Bloomberg US HY 2% Issuer Cap Index	10.14	-3.83	0.00	3.32	4.79	4.99	6.67	14.32	-2.08	7.50	17.13	-4.43	3.01	
Difference	-1.43	0.64	0.90	N/A	N/A	N/A	N/A	-0.67	0.12	N/A	N/A	N/A	-0.19	
<b>Shenkman High Yield Fixed Income (SA) (CAPP) - Gross</b>	<b>8.84</b>	<b>-2.97</b>	<b>1.39</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>14.18</b>	<b>-1.46</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>3.32</b>	<b>12/01/2017</b>
IM U.S. High Yield Bonds (SA+CF) Median	9.15	-3.74	0.11	3.31	4.47	4.86	6.70	14.17	-1.66	7.50	14.07	-2.11	3.03	
Rank	59	33	26	N/A	N/A	N/A	N/A	50	46	N/A	N/A	N/A	39	

Net performance shown is net of all manager fees and expenses (Net-All). Gross returns are compared to median performance of similar managers. Fiscal year ends on 06/30. Since inception performance may vary from State Street reported performance due to calculation methodology differences.

Montana Board of Investments  
Comparative Performance  
TFIP Fixed Income Managers

As of June 30, 2020

	QTD	CYTD	FYTD/ 1 Year	3 Years	5 Years	7 Years	10 Years	2019	2018	2017	2016	2015	Since Incep.	Inception Date
<b>Trust Funds Investment Pool Fixed Income</b>	<b>3.93</b>	<b>6.40</b>	<b>9.00</b>	<b>5.65</b>	<b>4.72</b>	<b>4.50</b>	<b>4.58</b>	<b>9.12</b>	<b>0.25</b>	<b>3.83</b>	<b>3.44</b>	<b>1.03</b>	<b>6.12</b>	<b>10/01/1995</b>
Bloomberg US Agg Bond Index	2.90	6.14	8.74	5.32	4.30	3.96	3.82	8.72	0.01	3.54	2.65	0.55	5.33	
Difference	1.03	0.26	0.26	0.33	0.42	0.54	0.76	0.40	0.24	0.29	0.79	0.48	0.79	
<b>Trust Funds Investment Pool Fixed Income</b>	<b>3.93</b>	<b>6.40</b>	<b>9.00</b>	<b>5.65</b>	<b>4.72</b>	<b>4.50</b>	<b>4.58</b>	<b>9.12</b>	<b>0.25</b>	<b>3.83</b>	<b>3.44</b>	<b>1.03</b>	<b>6.12</b>	<b>10/01/1995</b>
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	4.42	6.24	8.93	5.57	4.70	4.41	4.34	9.19	0.06	4.04	3.10	0.82	5.71	
Rank	63	46	47	45	48	41	30	55	31	61	42	28	11	
<b>Shenkman High Yield Fixed Income (SA) (TFIP) - Net</b>	<b>8.61</b>	<b>-3.43</b>	<b>0.41</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>0.41</b>	<b>07/01/2019</b>
Bloomberg US HY 2% Issuer Cap Index	10.14	-3.83	0.00	3.32	4.79	4.99	6.67	14.32	-2.08	7.50	17.13	-4.43	0.00	
Difference	-1.53	0.40	0.41	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.41	
<b>Shenkman High Yield Fixed Income (SA) (TFIP) - Gross</b>	<b>8.72</b>	<b>-3.21</b>	<b>0.87</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>0.87</b>	<b>07/01/2019</b>
IM U.S. High Yield Bonds (SA+CF) Median	9.15	-3.74	0.11	3.31	4.47	4.86	6.70	14.17	-1.66	7.50	14.07	-2.11	0.11	
Rank	65	38	37	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	37	
<b>Oaktree US High Yield (SA) (TFIP) - Net</b>	<b>9.58</b>	<b>-3.68</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>0.33</b>	<b>08/01/2019</b>
Bloomberg US HY 2% Issuer Cap Index	10.14	-3.83	0.00	3.32	4.79	4.99	6.67	14.32	-2.08	7.50	17.13	-4.43	-0.56	
Difference	-0.56	0.15	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.89	
<b>Oaktree US High Yield (SA) (TFIP) - Gross</b>	<b>9.70</b>	<b>-3.45</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>0.78</b>	<b>08/01/2019</b>
IM U.S. High Yield Bonds (SA+CF) Median	9.15	-3.74	0.11	3.31	4.47	4.86	6.70	14.17	-1.66	7.50	14.07	-2.11	-0.52	
Rank	37	44	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	25	
<b>Neuberger Berman High Yield (SA) (TFIP) - Net</b>	<b>7.96</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>7.96</b>	<b>04/01/2020</b>
Bloomberg US HY 2% Issuer Cap Index	10.14	-3.83	0.00	3.32	4.79	4.99	6.67	14.32	-2.08	7.50	17.13	-4.43	10.14	
Difference	-2.18	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-2.18	
<b>Neuberger Berman High Yield (SA) (TFIP) - Gross</b>	<b>8.06</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>8.06</b>	<b>04/01/2020</b>
IM U.S. High Yield Bonds (SA+CF) Median	9.15	-3.74	0.11	3.31	4.47	4.86	6.70	14.17	-1.66	7.50	14.07	-2.11	9.15	
Rank	76	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	76	

Net performance shown is net of all manager fees and expenses (Net-All). Gross returns are compared to median performance of similar managers. Fiscal year ends on 06/30. Since inception performance may vary from State Street reported performance due to calculation methodology differences. Neuberger Berman High Yield (SA) was funded in the Trust Fund Investment Pool in March 2020.

Montana Board of Investments  
Comparative Performance  
Trust Accounts

As of June 30, 2020

	QTD	CYTD	FYTD/ 1 Year	3 Years	5 Years	7 Years	10 Years	2019	2018	2017	2016	2015	Since Incep.	Inception Date
Abandoned Mine Trust	0.19	0.58	1.65	1.79	1.44	1.46	1.53	2.41	1.85	1.04	1.10	0.90	3.94	12/01/1993
Barker Hughesville St Response	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.83	05/01/2020
Belt Water Treatment Plant Fund	3.35	5.06	7.48	N/A	N/A	N/A	N/A	8.56	N/A	N/A	N/A	N/A	6.73	03/01/2018
Big Sky Economic Development Fund	3.50	5.28	7.74	5.24	4.64	4.59	4.80	8.67	0.48	3.97	3.98	1.82	5.16	07/01/2005
Butte Area One Restoration	2.99	4.56	6.60	4.54	3.71	3.36	3.25	6.76	1.24	2.92	2.60	1.20	3.64	11/01/2008
Clark Fork River Restoration	2.75	4.19	6.32	4.40	3.66	3.46	3.46	7.04	0.96	2.85	2.72	1.37	3.93	11/01/2008
Coal Tax Cultural Trust Fund	3.46	5.19	7.64	5.19	4.61	4.56	4.78	8.64	0.47	3.96	3.95	1.79	6.14	12/01/1993
Coal Tax Park Acquisition	3.39	5.10	7.53	5.16	4.58	4.52	4.75	8.63	0.48	3.96	3.90	1.78	6.11	12/01/1993
East Helena Compensation Fund	1.01	2.22	3.97	3.31	2.82	2.59	N/A	5.52	1.20	2.56	2.12	0.91	2.31	01/01/2013
Endowment for Children	3.43	5.17	7.59	5.15	4.50	4.46	4.68	8.54	0.46	3.89	3.66	1.70	5.23	08/01/2007
Flying J CECRA Facilities Fund	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.80	05/01/2020
FWP License Account	0.65	1.26	2.49	2.20	1.66	1.39	1.28	3.33	1.50	1.11	0.84	0.61	2.97	11/01/1997
FWP Mitigation Trust Fund	1.72	2.75	4.48	3.26	2.28	2.03	1.93	5.46	1.14	1.15	0.67	0.87	3.96	12/01/1993
FWP Real Property Trust	3.36	5.08	7.53	5.15	4.53	4.44	4.63	8.62	0.51	3.80	3.82	1.73	5.50	12/01/1993
Group Benefits	0.84	1.61	2.98	2.54	1.94	1.76	1.63	4.01	1.37	1.30	1.16	1.06	3.91	12/01/1993
Harold Hamm Endowment	3.31	4.99	7.40	4.84	N/A	N/A	N/A	8.45	0.57	1.11	N/A	N/A	3.82	07/01/2016
Libby Asbestos Site State Cost	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.81	05/01/2020
Luttrell Pit - Operational & Maintenance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.81	05/01/2020
Montana Pole	2.65	4.22	6.42	4.54	3.97	3.86	4.01	7.48	0.74	3.38	3.23	1.56	5.23	09/01/1996
Montana State University	0.49	0.99	2.16	2.15	1.66	1.36	1.22	2.87	1.87	1.39	0.95	0.39	2.06	08/01/2004
Montana Tech-UM Agency Funds	0.33	0.79	1.88	1.97	1.47	1.13	0.95	2.56	1.91	1.22	0.72	0.27	1.84	03/01/2003
MT BOI - Clark Fork Site	3.28	4.92	7.25	4.93	4.32	4.10	4.10	8.00	0.67	3.64	3.63	1.56	4.61	11/01/2008
MT BOI UOFM Other	1.38	2.33	3.96	3.09	2.62	2.45	2.25	4.54	1.42	2.15	2.34	1.13	3.05	08/01/2002
MUS Group Insurance	0.68	1.32	2.58	2.40	1.88	1.75	N/A	3.39	1.96	1.09	1.33	1.26	1.54	10/01/2011
MUS Workers Compensation	1.14	1.93	3.47	2.93	N/A	N/A	N/A	4.43	1.62	1.80	N/A	N/A	2.36	04/01/2016

Performance shown is gross of fees. Fiscal year ends on 06/30. Since inception performance may vary from State Street reported performance due to calculation methodology differences.

Montana Board of Investments  
Comparative Performance  
Trust Accounts

As of June 30, 2020

	QTD	CYTD	FYTD/ 1 Year	3 Years	5 Years	7 Years	10 Years	2019	2018	2017	2016	2015	Since Incep.	Inception Date
Older Montanans Trust	3.44	5.38	7.85	5.25	4.61	4.52	4.46	8.62	0.49	3.87	3.86	1.72	5.07	08/01/2007
Permanent Coal Trust Excl Crp	2.56	3.95	5.99	4.43	4.08	4.16	4.46	6.81	1.28	3.49	3.79	2.23	5.79	12/01/1993
PERS Defined Cont Disability	13.90	-2.62	4.06	6.25	N/A	N/A	N/A	20.77	-4.88	14.57	3.42	N/A	6.02	09/01/2015
Potter Trust Fund	3.34	5.02	7.43	5.09	N/A	N/A	N/A	8.47	0.51	3.87	N/A	N/A	4.37	06/01/2016
Resource Indemnity Trust	3.57	5.36	7.88	5.32	4.71	4.66	4.86	8.88	0.44	4.01	4.02	1.82	6.22	12/01/1993
School Facilities Fund	3.42	5.17	7.54	N/A	N/A	N/A	N/A	7.88	-0.13	N/A	N/A	N/A	5.13	01/01/2018
Smelter Hill Up Restorative	2.76	4.09	5.89	4.02	3.06	2.70	2.44	5.64	1.57	1.85	1.79	0.92	2.57	11/01/2008
State Fund Insurance	5.36	3.44	6.40	5.15	4.54	4.56	4.86	9.65	0.38	5.05	3.50	2.21	5.64	12/01/1993
Streamside Tailings Operable Unit	3.17	4.79	7.11	4.84	4.27	4.22	4.37	7.92	0.57	3.69	3.58	1.69	5.47	02/01/1999
Subsequent Injury Fund	0.19	0.58	1.62	1.82	1.34	0.99	0.86	2.28	1.98	1.11	0.61	0.22	3.04	12/01/1993
Tobacco Trust Fund	3.51	5.26	7.72	5.22	4.64	4.60	4.81	8.67	0.46	3.96	3.99	1.82	5.78	01/01/2001
Treasurers	0.12	0.51	1.54	1.79	1.32	1.01	0.80	2.28	1.97	1.07	0.68	0.27	2.87	12/01/1993
Treasure State Endowment	3.44	5.31	7.80	5.29	4.68	4.62	4.83	8.81	0.46	4.00	3.98	1.82	6.09	12/01/1993
Treasure State Reg. Water System	3.53	5.30	7.80	5.28	4.67	4.61	4.82	8.80	0.45	4.00	3.96	1.82	5.93	06/01/2000
Trust and Legacy Account	3.56	5.33	7.82	5.29	4.69	4.64	4.83	8.84	0.43	4.00	4.01	1.82	6.79	07/01/1991
UCFRB Assess/Litig Cost Rec	3.29	4.98	7.40	5.07	4.48	4.39	4.48	8.50	0.49	3.77	3.84	1.65	5.83	07/01/1999
UCFRB Restoration Fund	3.37	5.13	7.60	5.18	4.47	4.37	4.58	8.52	0.67	3.73	3.52	1.70	5.74	06/01/1999
Upper Blackfoot Response	0.51	1.24	2.68	2.58	2.19	1.92	N/A	4.24	1.49	1.90	1.74	0.84	1.73	09/01/2010
Weed Control Trust	3.57	5.36	7.88	5.32	4.71	4.66	4.76	8.88	0.44	4.01	4.02	1.82	5.38	12/01/1993
Wildlife Habitat Trust	3.33	5.02	7.44	5.11	4.49	4.42	4.61	8.54	0.51	3.78	3.79	1.73	5.51	12/01/1993
Zortman/Landusky LT H2O	0.19	0.58	1.61	1.82	1.42	1.55	2.81	2.28	1.98	1.01	1.36	0.84	6.43	09/01/1999
Z/L Long Term H2O Trust Fund	0.19	0.58	1.61	1.82	1.45	1.55	2.49	2.28	1.98	1.08	1.39	1.15	4.29	09/01/2005

Performance shown is gross of fees. Fiscal year ends on 06/30. Since inception performance may vary from State Street reported performance due to calculation methodology differences.



**Performance Notes**

- All gross and net performance data is provided by State Street Analytics (SSA). Reported gross returns for the retirement plans prior to 07/01/2002 are net of all fees.
- Gross performance for the retirement plans is calculated with fee accruals provided by Montana's Accounting department.
- Gross of fees performance is not available (N/A) for the following funds: SPDR S&P 500 ETF (SPY), Domestic Equity Pool STIF, iShares:Core S&P Md-Cp (IJH), iShares:Russ 2000 ETF (IWM), DFA Intl Sm Co;I (DFISX), iShares:MSCI EAFE ETF (EFA), International Equity Pool STIF, iShares:MSCI Em Mkts (EEM), and DFA Emg Mkts Sm Cap;I (DEMSX). The current annual expense ratios are as listed below.

**Index Notes**

- Retirement plan custom benchmarks are provided by State Street Bank and are calculated daily using actual allocations.
- The CAPP Custom Benchmark consists of the portfolio weighted average of the primary benchmark for each CAPP asset class.
- The Short Term Custom Benchmark consists of 100% ICE 1 Mo LIBOR Index (USD) through 4/30/2018, and 100% Federal Reserve US Treasury 1 Mo Constant Maturity Index thereafter.
- The Domestic Equity Custom Index consists of 100% S&P 1500 Comp Index through 04/30/2017 and 100% MSCI USA IM Index (USD) (Gross) thereafter.
- The International Equity Custom Index consists of 100% MSCI EAFE Index (USD) (Net) through 10/31/2006, 100% MSCI ACW Ex US Index (USD) (Net) through 06/30/2007, 92.5% MSCI ACW Ex US Index (USD) (Net) and 7.5% MSCI ACW Ex US SC IM Index (USD) (Net) through 02/28/2014, and 100% MSCI ACW Ex-US IM Index thereafter.
- The Real Estate Custom Index consists of 100% NCREIF ODCE Index (AWA) (Net) (1 Qtr Lag) through 03/31/2017 and 100% MSCI US REIT Index (USD) (Gross) thereafter.
- The Private Equity Custom Index consists of 100% S&P 1500 Comp Index+4% (1 Qtr Lag) through 04/30/2017 and 100% MSCI US Small Cap Index (USD) (Gross) thereafter.
- The Lazard Custom Index consists of 100% MSCI ACW Ex US Value Index (USD) (Net) through 6/30/2018 and 100% MSCI ACW Ex US Index (USD) (Net) thereafter.
- The Templeton Custom Index consists of 100% MSCI ACW Ex US Small Cap Value Index (USD) (Net) through 5/31/2018, and 100% MSCI ACW Ex US Small Cap Index (USD) (Net) thereafter.
- The Reams Custom Index consists of 100% Bloomberg US Unv Bond Index through 03/31/2017, 100% Bloomberg US Agg Bond Index through 12/31/2019, and 100% Bloomberg US Unv Bond Index thereafter.

**Trust Accounts Comments**

- The Belt Water Treatment Plant Fund was added in 03/2018.
- The School Facilities Fund was added in 01/2018.
- The Potter Trust Fund and the Harold Hamm Endowment were added in 06/2016.
- MUS Workers Compensation was added in 04/2016.
- Barker Hughesville St Response, Libby Asbestos Site State Cost, Flying J CECRA Facilities Fund, and Luttrell Pit - Operations and Maintenance were added in 05/2020.

**Manager Transition Comments**

- Neuberger Berman High Yield (SA) and TFIP Private Real Estate were funded in the Trust Fund Investment Pool during Q1 2020.
- Post High Yield Plus (SA), GMO:Bchmk-Fr All;III (GBMFX), and PIMCO:All Asset;Inst (PAAIX) were liquidated during Q3 2019.
- Oaktree US High Yield Fixed Income (SA) and Shenkman High Yield Fixed Income (SA) were funded in the Trust Fund Investment Pool during Q3 2019.
- Artisan Partners (SA), Iridian Asset Management (SA), Congress Mid Cap Growth (SA), TimeSquare Capital Management (SA), and Alliance Bernstein (SA) were liquidated in Q2 2019.
- BlackRock MSCI US Equity Index (CF) was transitioned into a separately managed account during Q1 2019.
- Northern Trust MSCI US Equity Index (SA), GMO:Bchmk-Fr All;III (GBMFX), and PIMCO:All Asset;Inst (PAAIX) were funded during Q4 2018.
- Voya Investment Management (SA) was liquidated in 07/2018.
- iShares:Russ 2000 ETF (IWM) was funded in 04/2018.
- Jacobs Levy 130/30 Large Cap (SA) was funded in 03/2018.
- Congress Mid Cap Growth (SA) was funded in 02/2018.
- Oaktree US High Yield (SA) and Shenkman High Yield Fixed Income (SA) were funded in 12/2017.
- Analytic Investors 130/30 (SA) was liquidated in 09/2017.
- BlackRock MSCI US Equity Index (CF), BlackRock MSCI US Sm Cap Equity Index (CF), and iShares:Core S&P Md-Cp (IJH) were funded in 06/2017.
- SPDR S&P 500 ETF (SPY) and iShares:MSCI EAFE ETF (EFA) were re-funded in 06/2017.
- INTECH Enhanced Plus was liquidated in 06/2017.
- Residual assets from the liquidation of AllianceBernstein Int'l Value (SA), Martin Currie (SA), Hansberger Global Investors (SA), and Aberdeen Total Return Bond Strategy (SA) were distributed in 06/2017.
- BlackRock Equity Index Fund A (CF) and BlackRock Mid Cap Equity Index A (CF) were liquidated in 05/2017.



**Manager Transition Comments (cont.)**

- DFA Emg Mkts Sm Cap;I (DEMSX) was funded in 02/2017.
- SPDR S&P 500 ETF (SPY) was liquidated in 01/2017.
- iShares:MSCI Em Mkts (EEM) was funded in 12/2016.
- SPDR S&P 500 ETF (SPY) was initially funded in 09/2015, was then liquidated in 12/2015, and was re-funded in 10/2016.
- Wells Capital Management (SA), Domestic Equity Pool SPIF, and International Equity Pool SPIF were liquidated in 10/2016. Wells Capital Management (SA) residual assets from liquidation were distributed in 03/2017.
- Nicholas Investment Partners was liquidated in 07/2016. Residual assets from liquidation were distributed in 03/2017.
- Effective 07/2016, the Metropolitan West Capital Management legal entity merged into the Wells Capital Management Incorporated legal entity. The Metropolitan West Capital Mgmt (SA) has been updated to Wells Capital Management (SA) to reflect the change.
- iShares S&P SmallCap 600 Index ETF (IJR) was liquidated in 01/2016.
- Effective 05/2014, ING rebranded to Voya. The ING Investment Management (SA) has been updated to Voya Investment Management (SA) to reflect the change.

**Miscellaneous Comments**

- Fiscal year ends on 06/30.
- During Q4 2019 Diversifying Strategies investments were liquidated and Investment Grade Credit, US Treasury & Agency, and TIPS were consolidated into the Core Fixed Income composite.
- Non-Core Fixed Income currently consists of High Yield.
- Private Investments currently consist of Private Equity, Private Credit, Venture Capital, and Passive ETFs.

**Montana Board of Investments  
Fee Schedule**

**As of June 30, 2020**

	<b>Fee Schedule</b>	<b>Market Value As of 06/30/2020 (\$)</b>
SPDR S&P 500 ETF (SPY)	0.09 % of Assets	124,538,754
iShares:Core S&P Md-Cp (IJH)	0.05 % of Assets	25,859,829
iShares:Russ 2000 ETF (IWM)	0.19 % of Assets	11,455,116
iShares:MSCI EAFE ETF (EFA)	0.32 % of Assets	141,461,880
DFA Intl Sm Co;I (DFISX)	0.52 % of Assets	81,336,739
iShares:MSCI Em Mkts (EEM)	0.68 % of Assets	60,796,797
DFA Emg Mkts Sm Cap;I (DEMSX)	0.67 % of Assets	25,054,781

ETF fees are sourced from Morningstar and/or the investment manager. Mutual Fund fees are provided by staff.

PORTLAND

BOISE

CHICAGO

NEW YORK

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# Montana Non-Core Fixed Income

## *Asset Class Review*

**Presented by:**  
**Jason Brent, CFA,**  
**Investment Officer, Public Markets**



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*June 30, 2020*

# Non-Core Fixed Income

- Approved Pension Plan Allocation Range of 3%-7%
- Montana Public Retirement Plans Investment Policy Statement allows for:
  - US High Yield Fixed Income
  - Convertible Debt
  - Preferred Securities
  - Emerging Markets Debt
- Current allocation is only to US High Yield
- The due diligence process has been completed for Preferred Securities
- The process is in progress for Emerging Markets Debt

*June 30, 2020*

# Non-Core Fixed Income

## Description of Approved Non-Core Fixed Income Investments

- High Yield Bonds
  - *Below-investment grade debt of corporate issuers*
  - *Higher yields to compensate for higher credit risk than investment grade bonds*
- Convertible Bonds
  - *Pay fixed coupon payments and can be converted into common stock*
  - *Subordinate to senior debt*
- Preferred Securities
  - *Income comes from dividend payments, not coupon interest*
  - *Subordinate to all other classes of debt*
- Emerging Markets Debt
  - *Bonds of sovereign and quasi-sovereign issuers in less developed countries*

# Non-Core Fixed Income

## Asset Class Objectives

- Current Income
  - *Consistent cash flow stream from coupon payments/preferred interest*
- Return enhancement
  - *Higher yields than Core Fixed Income*
- Lower volatility than equities
  - *About half the standard deviation of returns as that of stocks*
- Diversification
  - *Diverse subset of issuers*
- Outperformance vs. the benchmark is not the ultimate measure of success
  - *Passive investment is not a viable alternative*



# Non-Core Fixed Income

## High-Yield Bonds

- Bonds issued by corporations
- Below-investment grade **credit rating**
- Higher credit risk due to:
  - *Higher **leverage***
  - *Companies experiencing financial difficulties*
  - *Smaller or emerging companies with less proven track records*

CREDIT RATING SCALES		
Grade	S&P, Fitch	Moody's
Investment grade	AAA	Aaa
	AA	Aa
	A	A
	BBB	Baa
Below-investment grade (High Yield)	BB	Ba
	B	B
	CCC	Caa
	CC	Ca
	C	C

# Non-Core Fixed Income

## Characteristics of High-Yield Bonds

- Corporate issuers
  - *No Treasury or government **agency securities***
- Higher yields than **investment-grade bonds**
  - *To compensate for higher risks*
- Short to intermediate-term **maturities**
  - *Maturities typically less than 10 years*
- Call provisions
  - *Provides the issuer the right to repurchase and retire the bonds*
  - *Investor then must reinvest the proceeds, presumably at lower interest rates*

# Non-Core Fixed Income

## Risks of High-Yield Bonds

- Business-cycle risk
  - *High-yield bonds are sensitive to economic conditions and business prospects*
- Credit risk
  - *High-yield bonds have higher credit risk than investment-grade bonds*
  - *Downgrade/default risk*
- Interest rate risk
  - *Bond prices may change in reaction to changes in market interest rates*
- Liquidity risk
  - *Smaller issue sizes and smaller trading volumes may lead to diminished ability to sell a high-yield bond*

# Non-Core Fixed Income

## Current Portfolio

MARKET VALUE AS			PERFORMANCE NET OF FEES AS OF 6/30/20					SINCE
MANAGER NAME	OF 6/30/2020	INCEPTION DATE		QTR	1 YEAR	3 YEARS	5 YEARS	INCEPTION
Neuberger Berman	\$156,812,662	1/1/2010	Net returns	9.13%	-0.19%	2.86%	4.02%	6.39%
			VS. BENCHMARK	-1.01%	-0.18%	-0.46%	-0.77%	-0.39%
Oaktree	\$190,534,747	12/1/2017	Net returns	9.32%	0.48%	---	---	2.46%
			VS. BENCHMARK	-0.82%	0.48%			-0.53%
Shenkman	\$168,834,588	12/6/2017	Net returns	8.71%	0.90%	---	---	2.82%
			VS. BENCHMARK	-1.43%	0.90%			-0.20%
Total	\$516,181,998							

- Approved range of 3%-7% for Non-Core Fixed Income
  - *Current Exposure=4.39%*
- Manager style emphasis
  - *Well diversified portfolios*
  - *Conservative bias*

*June 30, 2020*

# Non-Core Fixed Income

## Current Exposures

Exposure by Credit Rating			
	Portfolio %	Benchmark %	+/-
BBB	2.7%	0.1%	2.6%
BB	44.8%	53.2%	-8.4%
B	39.3%	32.4%	6.9%
CCC	10.3%	12.2%	-1.9%
CC	0.1%	0.6%	-0.4%
C	0.0%	0.3%	-0.3%
Not Rated	1.7%	1.2%	0.4%
Not Classified	1.1%	0.0%	1.1%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	

Top 5 Overweighted Industries			
	Port	Benchmark	+/-
Technology	8.26%	6.30%	1.96%
Capital Goods	9.87%	8.46%	1.41%
Consumer Non-Cyclical	15.85%	15.20%	0.65%
Gov't Owned	0.62%	0.00%	0.62%
REITs	1.98%	1.71%	0.27%

Top 5 Underweighted Industries			
	Port	Benchmark	+/-
Consumer Cyclical	17.43%	19.05%	-1.62%
Communications	16.94%	18.00%	-1.06%
Energy	11.78%	12.83%	-1.05%
Banking	0.90%	1.57%	-0.67%
Basic Industry	5.79%	6.20%	-0.41%

*June 30, 2020*

# Non-Core Fixed Income

## Current Environment

- High Yield spreads
  - *Peaked at 1,100 bps in 1Q20*
  - *Tightened significantly in 2Q20, but spreads remain higher than Pre-Covid levels*
- Default rates expected to rise
  - *Currently at 6%*
  - *Estimated to rise to 8%-12% in 2020*
  - *Energy is the hardest hit sector*
- Downgrades have increased and \$255 billion of “fallen angels” have entered the High Yield index
- Announcement of Fed actions in April has provided price support for the asset class

# Non-Core Fixed Income

## Due Diligence and Monitoring Process

- Similar process as used with Domestic and International Equities
  - *Quarterly reviews*
  - *Manager Scorecards*
  - *Investment Guidelines*
  - *Periodic on-site visits*
- Bloomberg PORT used as portfolio analytics tool
  - *Sector and Credit Ratings exposures*
  - *Portfolio Characteristics*
  - *Sector and Credit Ratings attribution*
  - *Position-level analysis*

# Non-Core Fixed Income

## Summary

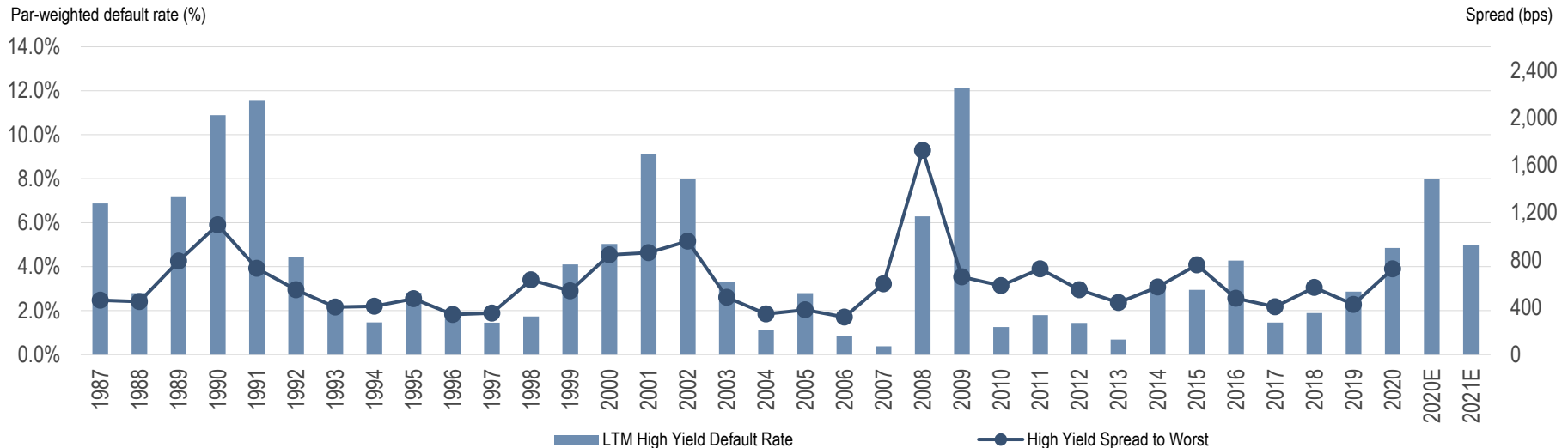
- Primary objectives in the asset class
  - *Current income*
  - *Higher yields than Core Fixed Income*
  - *Lower volatility than equities*
- Current exposure is high yield, but have flexibility to pursue other strategies (e.g. Preferreds, Emerging Market Debt)
- Monitoring and due diligence process is the same as with public equities
- Bias towards diversified, more conservative managers



# Non-Core Fixed Income

## Appendix A-High Yield Bond Market History

### Spreads vs. High Yield Default Rates



1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
4.5	13.4	2.3	-4.4	39.2	17.4	16.7	-1.0	20.5	11.3	13.3	3.0	2.5	-5.1	4.5	-1.9	28.1	10.9	2.7	11.8	2.2	-26.4	57.5	15.2	4.4	15.6	7.4	2.5	-4.6	17.5	7.5	-2.3	14.4	-4.7

**Average Return During Sell Off<sup>4</sup>: -7.2%**  
**Median Return During Sell Off<sup>4</sup>: -4.5%**

**Average Return During Recovery<sup>4</sup>: 27.9%**  
**Median Return During Recovery<sup>4</sup>: 24.3%**

**Average HY Spread to Worst<sup>2</sup>: 606 Bps**  
**Median HY Spread to Worst<sup>2</sup>: 548 Bps**

**Long-Term Average Default Rate<sup>5</sup>: 4.01%**  
**Long-Term Median Default Rate<sup>5</sup>: 2.84%**

<sup>1</sup> J.P. Morgan Default Monitor. Defaults based on par amounts.

<sup>2</sup> High Yield Spread to Worst is represented by the J.P. Morgan U.S. High Yield Index.

<sup>3</sup> Annual High Yield return is represented by the ICE Bank of America U.S. High Yield Index.

<sup>4</sup> Sell off infers any calendar year that produced a negative total return with recovery being the full year immediately following.

<sup>5</sup> Long-term average is represented by the average annual high yield default rate since 1987 provided by J.P. Morgan.

See definitions of indices at the back of this presentation. Past performance is not necessarily indicative of future results. As with any investment, there is the possibility of profit as well as the risk of loss. Historical trends do not imply, forecast, or guarantee future results.

*June 30, 2020*

# INTERCAP Loan Program

## Activity Summary

As of June 30, 2020

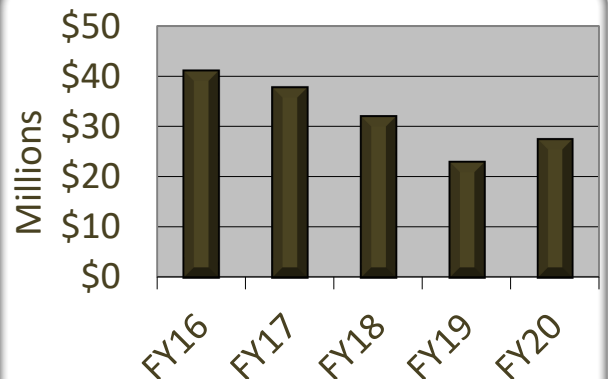
### Since Inception 1987 - June 2020

<b>Total Bonds Issued</b>	<b>168,000,000</b>
<b>Total Loan Commitments</b>	<b>639,525,544</b>
<b>Total Loans Funded</b>	<b>609,959,630</b>
<b>Total Bonds Outstanding</b>	<b>90,670,000</b>
<b>Total Loans Outstanding</b>	<b>69,002,636</b>
<b>Loan Commitments Pending</b>	<b>29,565,913</b>

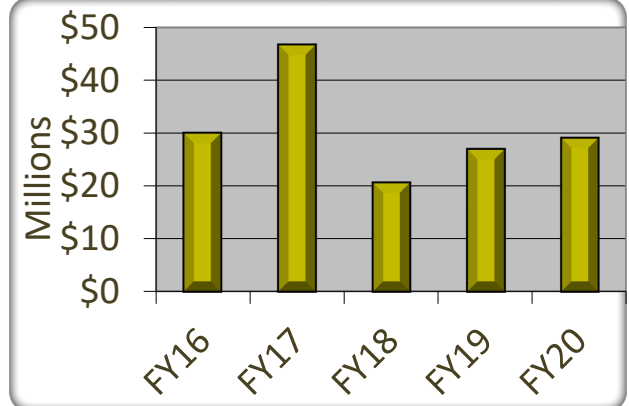
FY2020		
Month	Commitments	Fundings
July-19	\$ 1,447,634	\$ 1,028,463
August	710,000	2,252,511
September	782,700	2,466,764
October	4,800,000	1,882,130
November	5,032,000	3,147,838
December	62,374	3,311,600
January	-	425,624
February	4,357,906	2,012,052
March	875,816	2,149,444
April	6,820,381	2,119,999
May	66,335	1,310,044
June-20	2,582,698	6,986,725
<b>To Date</b>	<b>\$ 27,537,844</b>	<b>\$ 29,093,194</b>

Note: Commitments include withdrawn and expired loans.

Commitments FY16-FY20



Fundings FY16-FY20



### Variable Loan Rate History February 16, 2013 - February 15, 2021

February 16, 2013 - February 15, 2014	<b>1.00%</b>	February 16, 2017 - February 15, 2018	<b>2.50%</b>
February 16, 2014 - February 15, 2015	<b>1.00%</b>	February 16, 2018 - February 15, 2019	<b>3.15%</b>
February 16, 2015 - February 15, 2016	<b>1.25%</b>	February 16, 2019 - February 15, 2020	<b>3.37%</b>
February 16, 2016 - February 15, 2017	<b>1.55%</b>	February 16, 2020 - February 15, 2021	<b>2.50%*</b>

\*BOI decreased interest rates for INTERCAP loans to 1.00% until August 15, 2020 in response to the COVID-19 pandemic

# MONTANA BOARD OF INVESTMENTS

Street Address:  
2401 Colonial Drive, 3<sup>RD</sup> Floor  
Helena, MT 59601

Mailing Address:  
PO Box 200126  
Helena, MT 59620-0126



Phone: (406) 444-0001  
Facsimile: (406) 449-6579  
Website: [www.investmentmt.com](http://www.investmentmt.com)

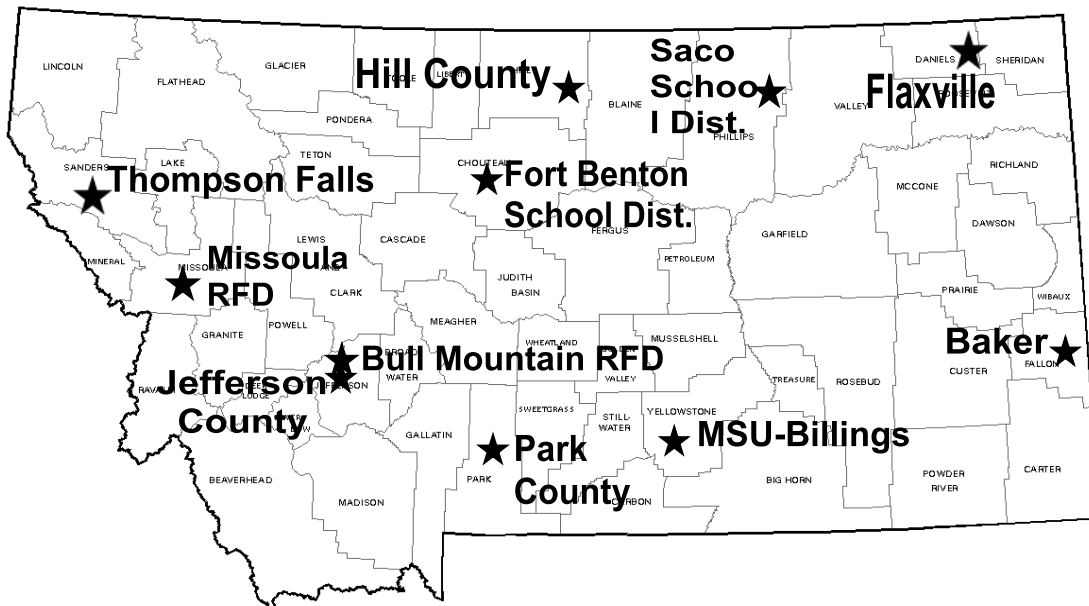
**To:** Members of the Board

**From:** Savannah Morgan, Bond Program Officer

**Date:** August 18, 2020

**Subject:** INTERCAP Staff Approved Loans Committed

Staff approved the following loans from April 1, 2020 to June 30, 2020.



Borrower:	Fort Benton School District
Purpose:	Replace heating system & asbestos abatement
Staff Approval Date:	April 8, 2020
Board Loan Amount:	\$465,604
Other Funding Sources:	\$347,000
Total Project Cost:	\$812,604
Term:	15 years

Borrower:	Jefferson County
Purpose:	New roll-off container site
Staff Approval Date:	April 8, 2020
Board Loan Amount:	\$800,000
Other Funding Sources:	\$ 0
Total Project Cost:	\$800,000
Term:	15 years

Borrower:	MSU-Billings
Purpose:	Replace two boilers in Library Building & Liberal Arts Building
Staff Approval Date:	April 8, 2020
Board Loan Amount:	\$750,000
Other Funding Sources:	\$ 0
Total Project Cost:	\$750,000
Term:	15 years

Borrower:	Missoula Rural Fire District
Purpose:	Purchase 2 Type-1 Fire Engines
Staff Approval Date:	April 13, 2020
Board Loan Amount:	\$350,000
Other Funding Sources:	\$434,040
Total Project Cost:	\$784,040
Term:	10 years

Borrower:	Saco School District
Purpose:	Roof repair and maintenance
Staff Approval Date:	April 17, 2020
Board Loan Amount:	\$184,777
Other Funding Sources:	\$ 50,000
Total Project Cost:	\$234,777
Term:	5 years

Borrower:	Park County
Purpose:	Purchase grader; Complete phase city/county complex remodel
Staff Approval Date:	April 27, 2020
Board Loan Amount:	\$420,000
Other Funding Sources:	\$ 0
Total Project Cost:	\$420,000
Term:	7 years

Borrower:	Hill County
Purpose:	Anticipation of RD funds/Milk River levee design costs
Staff Approval Date:	April 27, 2020
Board Loan Amount:	\$50,000
Other Funding Sources:	\$ 0
Total Project Cost:	\$50,000
Term:	3 years

Borrower:	City of Baker
Purpose:	Purchase excavator
Staff Approval Date:	May 19, 2020
Board Loan Amount:	\$66,335
Other Funding Sources:	\$66,335
Total Project Cost:	\$132,670
Term:	5 years

Borrower:	City of Thompson Falls
Purpose:	Purchase public works vehicle
Staff Approval Date:	June 5, 2020
Board Loan Amount:	\$35,000
Other Funding Sources:	\$ 0
Total Project Cost:	\$35,000
Term:	5 years

Borrower:	Town of Flaxville
Purpose:	Replace water meters
Staff Approval Date:	June 16, 2020
Board Loan Amount:	\$17,698
Other Funding Sources:	\$ 0
Total Project Cost:	\$17,698
Term:	10 years

Borrower:	Bull Mountain Rural Fire District
Purpose:	Fire station improvements
Staff Approval Date:	June 23, 2020
Board Loan Amount:	\$30,000
Other Funding Sources:	\$ 0
Total Project Cost:	\$30,000
Term:	10 years

**Montana Board of Investments  
Loan Committee  
INTERCAP Loan Summary and Approval**



**Borrower:** Hardin School District 17H & 1

**Date:** July 7, 2020

The Districts request to borrow \$2 million to finance costs associated with repairing and upgrading their Hardin Community Activity Center over a 10-year term. The loan will be in the form of a general promise to pay of the District split 75/25 between the Hardin Elementary School District 17H and Hardin High School District 1, respectively. The Districts will collectively contribute \$1 million from the General Fund towards the \$3,000,000 total project costs that includes 10% for contingencies.

**Project**

The 38-year-old facility is an integral part of the Hardin Schools Campus shown in Figure 1 below and is used during the academic school year for physical education, athletics and activities. The facility is also open year-round for use by the community. The project includes, but is not limited to, addressing structural decking, life safety electrical systems, mechanical, roofing, building envelope and American Disabilities Act (ADA) compliance improvements numbered by priority below in Figure 2.

Figure 1.

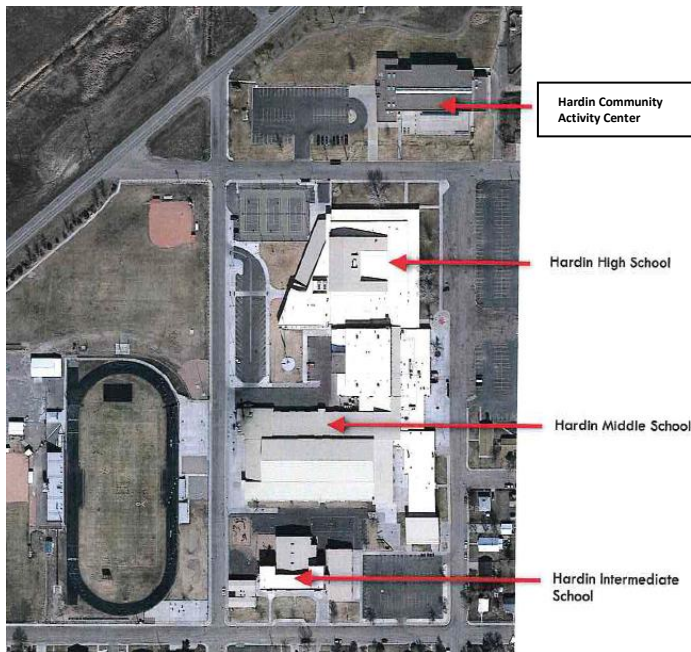
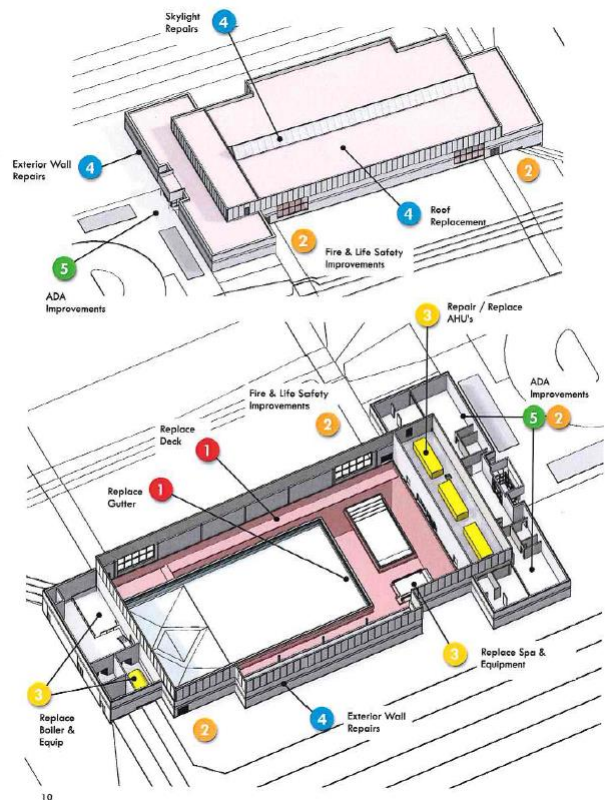


Figure 2.



## **Authorization**

20-9-437, MCA (2) A school district may use up to 25% of its federal impact aid funds ....for repayment of general obligation bonds.

20-9-471, Montana Code Annotated (MCA) (1) The trustees of a school district may, without a vote of the electors of the district, issue and sell to the board of investments obligations for the purpose of financing all or a portion of..... (b) the costs associated with renovating, rehabilitating, and remodeling facilities, including but not limited to roof repairs, heating, plumbing, electrical systems,... (2) The term of the obligation, ... may not exceed 15 fiscal years.... (7) An obligation issued is payable from any legally available fund of the district and constitutes a general obligation of the district.

20-9-406, MCA (1)(b) ..., the maximum amount for which an elementary district or high school district may become indebted by the issuance of general obligation bonds, including all indebtedness represented by outstanding general obligation bonds of previous issues, registered warrants, outstanding obligations under 20-9-471, and any other loans or notes payable that are held as general obligations of the district, is 100% of the taxable value of the property subject to taxation as ascertained by the last assessment for state, county, and school taxes previous to the incurring of the indebtedness. [District Elementary and High School taxable values total \$33.7 million X 100% = \$33.7 million available debt authority. The District has \$23.0 million debt authority available. Net debt authority available would be \$29.7 million taking into consideration the nearly \$6.7 million sinking fund balance already accumulated to pay the \$10.7 million Qualified Zone Academy Bonds (QZAB) Series 2010 outstanding that mature in 2026.]

## **INTERCAP Debt**

The District is a new borrower to INTERCAP.

## **Repayment**

The proposed loan's debt service will be approximately \$244,000 annually. The loan will be a limited general obligation note payable from any legally available funds and not secured by a pledge of the District's taxing power. The District's General Fund will be the primary source of repayment and is supplemented by federal impact aid revenues (see box).

Student enrollment numbers tie directly to the amount of impact aid revenue received. Over the last five years, the Districts averaged 1,885 students with approximately \$5.7 million in annual impact aid. Approximately 68% of the impact aid revenue went toward operations. The remaining impact aid went to various capital outlay projects, equipment upgrades, or kept for reserve. Under 20-9-437, MCA, the school districts may use up to 25% of their impact aid for debt service. Using the five-year average, that translates to approximately \$1.4 million statutorily available for debt service. An amount that is well above the \$244,000 annual debt service estimate for the proposed loan.

## **IMPACT AID**

The District's revenue for general operations is supplemented by impact aid, a Federal aid program that began in 1950 designed to assist local school districts that have lost local property tax revenue due to the presence of tax-exempt Federal property or that have experienced increased expenditures due to the enrollment of federally connected children including children living on tribal lands. The federal government compensates the District to provide quality education to the children living in the Crow Tribes of the Crow Indian Reservation in conjunction with meeting the federal law requirements under the Every Student Succeeds Act enacted in December 2015.



GASB Statement No. 54 requires that funds with similar restrictions to the General Fund to be combined with the General Fund for reporting purposes. The following Financial Report is taken from audited financial statements and demonstrate the Districts have the resources to repay the debt.

### **Financial Report**

General Fund (audited)	<u>FY19</u>	<u>FY18</u>
Beginning Fund Balance	\$ 6,999,436	\$ 4,923,866
Revenues	14,396,071	13,851,299
<i>Impact Aid Revenue</i>	<i>6,293,011</i>	<i>6,634,831</i>
Expenditures	<u>17,662,650</u>	<u>18,444,910</u>
Ending Fund Balance	\$10,025,868	\$ 6,965,086
Net Change in Fund Balance	\$ 3,026,432	\$ 2,041,220
Cash & Cash Equivalents	\$ 8,585,623	\$ 6,563,783
Fund Balance <i>Unassigned</i>	\$ 8,403,741	\$ 6,356,974

### **Impact Aid History**

<u>FY</u>	<u>Amount</u>
FY20	\$6,338,584
FY19	\$6,293,011
FY18	\$6,634,831
FY17	\$5,924,142
FY16	\$3,391,361

### **COMMENTS:**

FY19: Beginning fund balance includes a \$34,350 prior period adjustment. Without the one-time (\$229,553) capital outlay, the net change in fund balance would have been \$3,255,985.

FY18: Without the one-time (\$164,472) capital outlay, the net change in fund balance would have been \$2,205,692.

### **Recommendation:**

The Districts have the statutory authority and means to adequately service the debt. Approval recommended.

### **Staff Loan Committee**

Dan Villa, Executive Director	<u>Dan Villa</u>	Recommended <u>7/9/2020</u>
Peggy MacEwen, Deputy Director	<u>Peggy MacEwen</u>	Recommended <u>7/8/2020</u>
Louise Welsh, Sr. Bond Program Officer	<u>Louise Welsh</u>	Recommended <u>7/8/2020</u>
Savannah Morgan, Bond Program Officer	<u>Savannah Morgan</u>	Recommended <u>7/8/2020</u>

### **Board Loan Committee – August 18, 2020**

Jack Prothero, Chairperson – Loan Committee

☐ Yes ☐ No ☐ Abstain

Terry Cohea, Member

☐ Yes ☐ No ☐ Abstain

Jim Edwards, Member

☐ Yes ☐ No ☐ Abstain

Bruce Nelson, Member

☐ Yes ☐ No ☐ Abstain

Approved \_\_\_\_\_



## Certificate Of Completion

Envelope Id: D808C2A38467462FA6FA87FE868A5906

Status: Completed

Subject: Please DocuSign: Hardin SD write up.docx

Source Envelope:

Document Pages: 3

Signatures: 4

Envelope Originator:

Certificate Pages: 5

Initials: 0

Savannah Morgan

AutoNav: Enabled

PO Box 200501

Envelopeld Stamping: Enabled

301 S. Park Ave

Time Zone: (UTC-07:00) Mountain Time (US & Canada)

Helena, MT 596200501

SMorgan@esign.mt.gov

IP Address: 161.7.99.69

## Record Tracking

Status: Original

Holder: Savannah Morgan

Location: DocuSign

7/8/2020 3:06:56 PM

SMorgan@esign.mt.gov

## Signer Events

### Signature

### Timestamp

Savannah Morgan

smorgan@mt.gov

Security Level: Email, Account Authentication  
(None)



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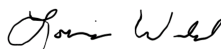
ID: 56ae24f4-b51c-4bb0-9f23-91349a1d62ce

Louise Welsh

lwelsh@mt.gov

mayor welsh

Security Level: Email, Account Authentication  
(None)



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## Electronic Record and Signature Disclosure:

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ID: dfaf5073-872d-44ec-a970-580a1ad47f32

Peggy MacEwen

Peggy.MacEwen@mt.gov

Security Level: Email, Account Authentication  
(None)



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## Electronic Record and Signature Disclosure:

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ID: 4eaf9720-48b2-477c-9a4b-3c766b247cf9

Dan Villa

dvilla@mt.gov

Security Level: Email, Account Authentication  
(None)



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Signature Adoption: Pre-selected Style

Using IP Address: 161.7.93.249

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Editor Delivery Events	Status	Timestamp
Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp
Certified Delivery Events	Status	Timestamp
Carbon Copy Events	Status	Timestamp
Witness Events	Signature	Timestamp
Notary Events	Signature	Timestamp
Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	7/8/2020 4:00:32 PM
Certified Delivered	Security Checked	7/9/2020 8:09:50 AM
Signing Complete	Security Checked	7/9/2020 8:10:09 AM
Completed	Security Checked	7/9/2020 8:10:09 AM
Payment Events	Status	Timestamps
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Browsers:	Final release versions of Internet Explorer® 6.0 or above (Windows only); Mozilla Firefox 2.0 or above (Windows and Mac); Safari™ 3.0 or above (Mac only)
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Screen Resolution:	800 x 600 minimum
Enabled Security Settings:	Allow per session cookies

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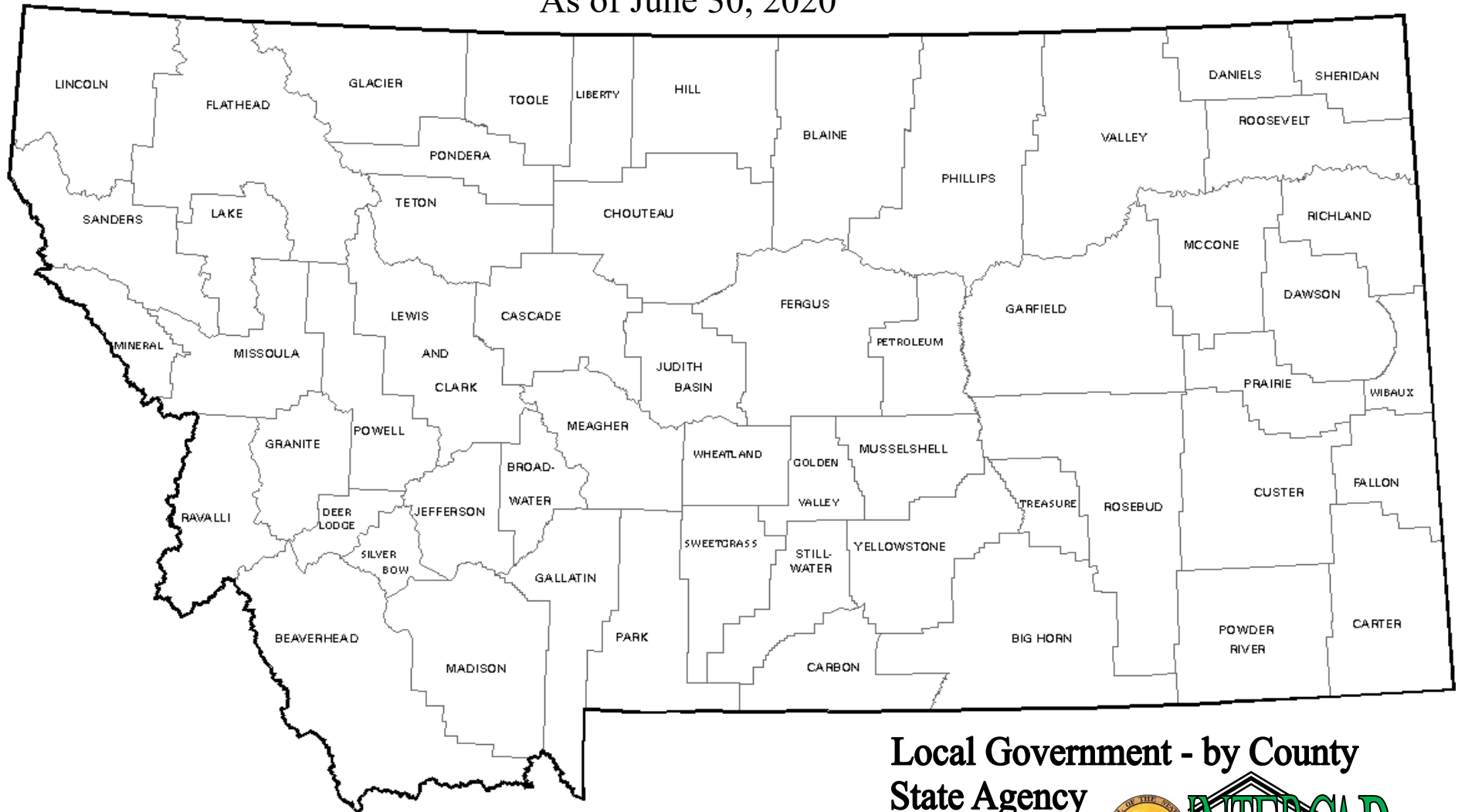
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# INTERCAP LOAN DETAIL REPORT

As of June 30, 2020



Local Government - by County  
State Agency  
University



# MONTANA BOARD OF INVESTMENTS

Street Address:  
2401 Colonial Drive, 3<sup>RD</sup> Floor  
Helena, MT 59601

Mailing Address:  
PO Box 200126  
Helena, MT 59620-0126



Phone: (406) 444-0001  
Facsimile: (406) 449-6579  
Website: [www.investmentmt.com](http://www.investmentmt.com)

**To:** Members of the Board

**From:** Louise Welsh, Senior Bond Program Officer

**Date:** August 18, 2020

**Subject:** INTERCAP Loans – Annual Loan Detail Report

Attached is the annual INTERCAP Loan Detail Report as of fiscal year end June 30, 2020 (FY20). The report has three categories: Local Government (sorted by the county in which the borrower is located), State Agency, and University loans.

In addition to the attached report, staff provides for the Board's information the concentration of \$69,002,636 INTERCAP loans outstanding as of FY20 compared to \$79,637,758 in FY19, as follows:

Borrower Type	FY20		FY19	
	Number of Borrowers	% of Total INTERCAP Loans Outstanding	Number of Borrowers	% of Total INTERCAP Loans Outstanding
County	24	19.55%	24	16.60%
City	47	17.94%	50	17.82%
University	1	16.49%	2	31.43%
School District	40	15.13%	48	12.18%
State Agency	3	14.96%	2	9.79%
Fire District/Service Area	31	8.55%	32	7.48%
Other	9	5.09%	8	2.15%
Community College	2	1.63%	2	1.76%
Solid Waste District	1	0.53%	1	0.54%
Water/Sewer District	5	0.13%	6	0.25%
<b>Total</b>	<b>163</b>	<b>100.00%</b>	<b>175</b>	<b>100.00%</b>

The entities with outstanding balances representing 5% or more of all INTERCAP loans outstanding in FY20 compared to FY19 are as follows:

Borrower	FY20		FY19	
	Principal Outstanding	% of Total INTERCAP Loans Outstanding	Principal Outstanding	% of Total INTERCAP Loans Outstanding
Montana State University	\$ 11,374,166	16.48%	\$12,832,509	16.11%
Transportation	\$ 6,451,100	9.35%	\$ 5,205,530	6.54%
University of Montana	\$ 0	0.00%	\$12,201,357	15.32%

**Local Government INTERCAP loans\* - by County**

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**\*only loans that have remaining commitment and/or outstanding**

COUNTY	BORROWER NAME	PROJECT	TERM	COMMIT DATE	FUND DATE	DRAWN	COMMIT		MATURITY	CITY
							REMAINING	OUTSTANDING		
	BEAVERHEAD COUNTY	Finance contract dispute settlement	10	02/17/15	04/17/15	850,000	-	436,346	02/15/25	DILLON
	BEAVERHEAD COUNTY HIGH SCHOO	finance remaining construction and improvement to	5	07/01/19	06/05/20	550,000	-	550,000	08/15/25	DILLON
	BEAVERHEAD COUNTY JACKSON WA	Grant writing expense	6	06/28/17	08/18/17	6,000	-	3,607	08/15/23	JACKSON
	DILLON	Refinance 2009 GO bond for police pension paymen	13	05/24/16	07/15/16	1,319,526	-	824,631	06/15/29	DILLON
<b>BEAVERHEAD Total</b>						<b>2,725,526</b>	<b>-</b>	<b>1,814,584</b>		
	CHINOOK	Front end loader	7	04/16/18	04/27/18	50,847	-	40,874	08/15/25	CHINOOK
	CHINOOK	Anticipation of RD funds (water)	2	03/04/20			789,000	-		CHINOOK
		Chinook Total				50,847	789,000	40,874		
	HARLEM	Preliminary engineering report (PER) for City's water	3	06/20/19	09/06/19	79,795	45,205	79,795	08/15/22	HARLEM
<b>BLAINE Total</b>						<b>130,642</b>	<b>834,205</b>	<b>120,669</b>		
	BROADWATER COUNTY	Construct buildings for office space, storage, and vel	10	02/13/15	02/26/16	22,915	-	13,038	02/15/25	TOWNSEND
	BROADWATER COUNTY	purchasing and renovating real property	15	07/12/19	10/11/19	150,000	50,000	150,000	08/15/34	TOWNSEND
	BROADWATER COUNTY	canister site improvements/new solid waste caniste	10	03/11/20			86,816	-		TOWNSEND
<b>BROADWATER Total</b>						<b>172,915</b>	<b>136,816</b>	<b>163,038</b>		
	BRIDGER SCHOOL DISTRICT #2	Energy retrofit/energy performance contracting	15	12/30/13	01/24/14	116,960	-	67,334	02/15/29	BRIDGER
	CASCADE COUNTY	RID Bob Marshall Place	15	10/08/08	11/28/08	100,931	-	33,392	02/15/24	GREAT FALLS
	CASCADE COUNTY	Repair and replace the copper roof and supporting s	10	04/05/17	04/21/17	2,000,000	-	1,544,586	08/15/27	GREAT FALLS
	CASCADE COUNTY	replace grandstand facility at county fairgrounds	10	05/22/18	12/07/18	2,000,000	-	1,825,793	02/15/29	GREAT FALLS
		Cascade County Total				4,100,931		3,403,772		
	GREAT FALLS	Stone Meadows Phase 2 street lighting	15	04/30/15	07/31/15	58,000	-	31,359	08/15/30	GREAT FALLS
	GREAT FALLS	Finance two new fire pumpers	10	11/06/15	12/11/15	796,859	-	439,236	02/15/26	GREAT FALLS
	GREAT FALLS	Solid waste revenue bond for new sanitation fleet.	6	11/17/15	04/01/16	1,470,812	-	489,576	02/15/22	GREAT FALLS
		Great Falls Total				2,325,671	-	960,171		
	RED LODGE RURAL FIRE DISTRICT	Finance a new fire truck	10	11/25/15	01/08/16	378,554	-	216,356	02/15/26	RED LODGE
	SUN PRAIRIE VILLAGE COUNTY WATI	interim financing - wastewater system improvement	2	02/11/20			1,335,000			GREAT FALLS
	ULM FIRE SERVICE AREA	Construct fire station	15	08/31/17	07/12/19	200,000	-	195,195	08/15/33	ULM
<b>CASCADE Total</b>						<b>7,122,116</b>	<b>1,335,000</b>	<b>4,842,829</b>		



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COUNTY BORROWER NAME	PROJECT	TERM	COMMIT DATE	FUND DATE	DRAWN	COMMIT REMAINING	OUTSTANDING	MATURITY	CITY
CHOUTEAU COUNTY	Rehabilitate County bridge.	10	01/19/16	03/24/17	150,155	-	108,549	02/15/27	FORT BENTON
FORT BENTON	Purchase Pumper Truck	15	05/05/09	07/10/09	180,000	-	54,000	08/15/24	FORT BENTON
FORT BENTON	Finance asphalt grinder	10	08/27/15	10/02/15	104,958	-	59,165	08/15/25	FORT BENTON
	<b>Fort Benton Total</b>				<b>284,958</b>	<b>-</b>	<b>113,165</b>		
FORT BENTON SCHOOL DISTRICT #1	elementary school building's heating system and ast	15	04/08/20			465,604	-		FORT BENTON
GERALDINE	Streets and sidewalk project	10	11/14/12	01/04/13	30,000	-	9,348	02/15/23	GERALDINE
GERALDINE	Purchase accounting software	5	10/06/15	12/04/15	18,000	-	3,852	02/15/21	GERALDINE
GERALDINE	Preparation of (CIP) and (PER) for Town sewer syste	3	05/17/18	09/07/18	23,800	-	23,785	08/15/21	GERALDINE
GERALDINE	interim financing - wastewater system improvement	1	09/20/19		0.00	606,000	-		GERALDINE
	<b>Geraldine Total</b>				<b>71,800</b>	<b>606,000</b>	<b>36,985</b>		
MISSOURI RIVER MEDICAL CENTER	Replace failing boiler	5	04/18/16	06/03/16	83,696	-	25,793	08/15/21	FORT BENTON
MISSOURI RIVER MEDICAL CENTER	Purchase a CT scanner	7	10/24/16	11/23/16	82,500	-	48,230	02/15/24	FORT BENTON
MISSOURI RIVER MEDICAL CENTER	Purchase a CT scanner	7	10/24/16	12/16/16	214,500	-	125,399	02/15/24	FORT BENTON
MISSOURI RIVER MEDICAL CENTER	Purchase a CT scanner	7	10/24/16	01/20/17	33,000	-	19,254	02/15/24	FORT BENTON
MISSOURI RIVER MEDICAL CENTER	Replace backup boiler	7	03/03/17	04/07/17	40,864	-	24,064	02/15/24	FORT BENTON
MISSOURI RIVER MEDICAL CENTER	Replace backup boiler	7	03/03/17	06/23/17	40,864	-	25,614	02/15/24	FORT BENTON
	<b>Missouri River Medical Center</b>				<b>495,423</b>	<b>-</b>	<b>268,355</b>		
<b>CHOUTEAU Total</b>					<b>1,002,336</b>	<b>1,071,604</b>	<b>527,054</b>		
CUSTER COUNTY	finance purchase of motor grader	7	11/15/18	02/08/19	200,000	-	171,687	08/15/25	MILES CITY
CUSTER COUNTY	Anticipation of RD funds - construct an events cente	2	04/14/20			3,850,000	-		MILES CITY
	<b>Custer County Total</b>				<b>200,000</b>	<b>3,850,000</b>	<b>171,687</b>		
MILES CITY	Street improvements within SID #211	15	08/03/15	10/02/15	59,703	-	42,878	08/15/30	MILES CITY
MILES CITY	Finance flood risk feasibility study	6	11/03/16	04/07/17	175,000	425,000	90,104	02/15/23	MILES CITY
	<b>Miles City Total</b>				<b>234,703</b>	<b>425,000</b>	<b>132,982</b>		
MILES COMMUNITY COLLEGE	Construct new Agriculture Advancement Center	15	08/18/16	10/11/16	480,000	-	384,531	08/15/31	MILES CITY
<b>CUSTER Total</b>					<b>914,703</b>	<b>4,275,000</b>	<b>689,200</b>		
FLAXVILLE	Repairs and improvements to water treatment facili	10	03/14/16	11/04/16	37,035	-	26,563	02/15/27	FLAXVILLE
FLAXVILLE	replace water meters	10	06/16/20			17,698	-		FLAXVILLE
	<b>Flaxville Total</b>				<b>37,035</b>	<b>17,698</b>	<b>26,563</b>		
SCOBEY	Antcip of USDA RD long-tern financing - water	2	05/22/18	06/07/19	1,863,558	636,442	-	06/07/21	SCOBEY
SCOBEY	Phase 2 of water distribution improvements project	2	06/08/20			2,500,000	-		SCOBEY
	<b>Scobey Total</b>				<b>1,863,558</b>	<b>3,136,442</b>	<b>-</b>		
SCOBEY SCHOOL DIST #1	Finance an activity bus	5	03/08/18	04/13/18	200,000	-	122,566	02/15/23	SCOBEY

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COUNTY BORROWER NAME	PROJECT	TERM	COMMIT DATE	FUND DATE	COMMIT			MATURITY	CITY
					DRAWN	REMAINING	OUTSTANDING		
DANIELS Total					2,100,593	3,154,140	149,129		
RICHEY	Finance a sewer line project	15	03/22/16	10/21/16	41,741	-	33,840	08/15/31	RICHEY
DAWSON COUNTY Total					41,741	-	33,840		
ANACONDA PUBLIC SCHOOLS	finance new computers and security software	5	07/22/19	08/30/19	126,633	-	114,743	06/15/24	ANACONDA
ANACONDA-DEER LODGE COUNTY	Courthouse preservation	15	09/23/00	07/15/11	800,000	-	373,901	08/15/26	ANACONDA
ANACONDA-DEER LODGE COUNTY	Rehabilitate historic street lights District #150	15	04/28/14	09/26/14	999,129	-	640,239	08/15/29	ANACONDA
Anaconda-Deer Lodge County Total					1,799,129	-	1,014,140		
WEST VALLEY RURAL FIRE DISTRICT,	Construct a fire station	15	07/07/14	08/08/14	50,000	-	19,320	08/15/29	ANACONDA
WEST VALLEY RURAL FIRE DISTRICT,	Finance a water tender	7	10/27/16	06/23/17	109,789	-	67,320	08/15/24	ANACONDA
West Valley Rural Fire District Total					159,789	-	86,640		
DEER LODGE COUNTY Total					2,085,552	-	1,215,523		
BAKER	Finance street sweeper	7	11/04/15	12/11/15	137,000	-	60,178	02/15/23	BAKER
BAKER	purchase excavator	5	05/19/20	06/19/20	66,335	-	66,335	08/15/25	BAKER
Baker Total					203,335	-	126,513		
FALLON COUNTY Total					203,335	-	126,513		
LEWISTOWN	Extending Water & Sewer Services at the city /count	10	07/14/11	12/16/11	84,618	-	14,416	08/15/21	LEWISTOWN
LEWISTOWN	Extending Water & Sewer Services at the city /count	10	07/14/11	12/16/11	5,283	-	865	08/15/21	LEWISTOWN
Lewistown Total					89,902	-	15,281		
FERGUS COUNTY Total					89,902	-	15,281		
BLANKENSHIP RURAL FIRE DISTRICT	Fire Cistern	15	10/21/14	11/21/14	38,976	-	26,626	02/15/30	COLUMBIA FAL
BLANKENSHIP RURAL FIRE DISTRICT	Finance Type 5 wildfire engine	10	03/06/18	10/26/18	45,000	-	40,867	08/15/28	COLUMBIA FAL
Blankenship Rural Fire District Total					83,976	-	67,493		
COLUMBIA FALLS	Street Improvements	10	07/28/11	08/26/11	364,449	-	59,047	08/15/21	COLUMBIA FAL
COLUMBIA FALLS	2012 Custom Spartan Rosenbuer Pumper Apparatus	10	08/09/12	08/31/12	115,365	-	30,136	08/15/22	COLUMBIA FAL
Columbia Falls Total					479,814	-	89,183		
FLATHEAD VALLEY COMMUNITY COL	Nursing and Health Sciences Building	10	02/26/13	04/12/13	2,400,000	-	741,335	02/15/23	KALISPELL
KALISPELL	Refinance City Hall renovation note	5	06/23/15	09/11/15	412,571	-	42,037	08/15/20	KALISPELL
KALISPELL	Finance purchase of a chipper dump truck	5	11/10/15	01/08/16	34,498	-	7,025	02/15/21	KALISPELL
KALISPELL	Remodel park restrooms, purchase vehicles & equip	5	10/18/16	11/23/16	169,987	-	75,758	02/15/22	KALISPELL
KALISPELL	Purchase fire pumper	10	10/10/17	03/16/18	467,684	-	391,027	02/15/28	KALISPELL
KALISPELL	Purchase mower and sprayer	5	10/10/17	02/16/18	61,527	-	39,558	02/15/23	KALISPELL
KALISPELL	replace Woodland Park Playground Equipment	5	11/01/18	08/23/19	97,772	-	88,655		KALISPELL
Kalispell Total					1,244,040	-	644,059		

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COUNTY BORROWER NAME	PROJECT	TERM	COMMIT DATE	FUND DATE	DRAWN	COMMIT		MATURITY	CITY
						REMAINING	OUTSTANDING		
KALISPELL SCHOOL DISTRICT #5	interior/exterior lighting energy conservation projec	15	03/01/19	02/14/20	229,618	-	229,618	02/15/35	KALISPELL
KALISPELL SCHOOL DISTRICT #5	interior/exterior lighting energy conservation projec	15	03/01/19	02/14/20	526,382	-	526,382	02/15/35	KALISPELL
	Kalispell School District #5 Total				756,000	-	756,000		
OLNEY-BISSELL SCHOOL DISTRICT	finance deferred maintenance projects	10	06/03/19	08/02/19	117,525	3,018	113,963	08/15/29	WHITEFISH
PLEASANT VALLEY SCHOOL DISTRICT	purchase vehicle for student transport	5	01/23/19	03/22/19	12,503	-	10,126	02/15/24	MARION
SHEAVERS CREEK LAKE COUNTY WA	Finance final cost of water storage tank & waterline	10	02/01/11	02/18/11	25,000	-	2,460	02/01/21	BIGFORK
SMITH VALLEY SCHOOL DISTRICT #8	Flooring Replacement, Exterior Door Replacement, C	15	07/16/12	11/23/12	30,000	-	4,169	02/15/28	KALISPELL
SOMERS RURAL FIRE DISTRICT	Reconfigure, expand, and repair fire station	15	08/15/17	09/22/17	300,000	-	260,081	08/15/32	LAKESIDE
WAPITI ACRES COUNTY WATER AND	Construct 2nd well	15	09/12/14	05/15/15	33,500	-	23,420	08/15/30	KALISPELL
WEST VALLEY FIRE DISTRICT, KALISPI	Construct new fire hall	15	08/05/09	10/16/09	650,000	-	228,640	08/15/24	KALISPELL
WEST VALLEY FIRE DISTRICT, KALISPI	Rosenbauer fire apparatus	10	05/07/15	05/22/15	253,554	-	143,366	08/15/25	KALISPELL
	West Valley Fire District Total				903,554	-	372,007		
WHITEFISH	2014 Type I Fire Pumper	10	02/13/14	06/20/14	485,112	-	223,588	08/15/24	WHITEFISH
WHITEFISH	Finance water tender	N	08/26/14	02/13/15	211,000	-	61,781	02/15/22	WHITEFISH
WHITEFISH	Self-contained breathing apparatus equipment	5	09/29/15	12/04/15	230,453	-	47,242	02/15/21	WHITEFISH
WHITEFISH	Finance new ambulance	5	09/26/17	02/16/18	175,000	-	107,581	02/15/23	WHITEFISH
	Whitefish Total				1,101,565	-	440,192		
<b>FLATHEAD COUNTY Total</b>					<b>7,487,477</b>	<b>3,018</b>	<b>3,524,488</b>		
BELGRADE	City Library Improvements	15	06/19/12	02/01/13	72,551	-	40,395	02/15/28	BELGRADE
BIG SKY FIRE DISTRICT	Remodel two fire stations	15	02/12/19	04/18/19	1,863,592	-	1,813,486	02/15/34	BIG SKY
BIG SKY SCHOOL DISTRICT #72	Complete building projects	5	06/01/16	07/22/16	830,000	-	264,890	06/15/21	BIG SKY
BIG SKY SCHOOL DISTRICT #72	building on-campus teacher/staff housing	5	06/19/19	08/09/19	313,875	286,125	311,147	08/15/24	BIG SKY
	Big Sky School District Total				1,143,875	286,125	576,037		
BOZEMAN	Reconstruction of 8th Avenue	10	04/11/12	07/20/12	1,203,279	-	328,902	08/15/22	BOZEMAN
BOZEMAN	Replacing/upgrading city street lights.	15	11/21/14	09/11/15	199,231	-	150,932	08/15/30	BOZEMAN
BOZEMAN	Improvements to Story Mill and Bronken Park	10	04/16/18	05/24/19	314,559	-	301,245	08/15/29	BOZEMAN
	Bozeman Total				1,717,069	-	781,079		
BRIDGER CANYON RURAL FIRE DISTR	Constructing substation	15	02/28/19	10/04/19	350,000	-	348,313	08/15/34	BOZEMAN
CLARKSTON FIRE SERVICE AREA #6	purchase water tender	7	03/02/15	04/02/15	81,825	-	6,574	02/15/22	THREE FORKS

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COUNTY	BORROWER NAME	PROJECT	TERM	COMMIT DATE	FUND DATE	DRAWN	COMMIT REMAINING	OUTSTANDING	MATURITY	CITY
	MONFORTON SCHOOL DISTRICT	Building Addition	6	09/12/14	01/23/15	300,000	-	51,052	02/15/21	BOZEMAN
	WEST YELLOWSTONE	Construct Town Hall	13	11/13/12	12/21/12	1,480,866	-	700,756	12/15/25	WEST YELLOWS
<b>GALLATIN COUNTY Total</b>						<b>7,009,777</b>	<b>286,125</b>	<b>4,317,692</b>		
	GOLDEN VALLEY COUNTY	Finance ambulance	7	06/09/15	07/17/15	44,000	-	16,158	08/15/22	RYEGATE
<b>GOLDEN VALLEY COUNTY Total</b>						<b>44,000</b>	<b>-</b>	<b>16,158</b>		
	PHILIPSBURG	Wastewater system improvements	15	08/15/16	10/28/16	321,937	-	263,440	08/15/31	PHILIPSBURG
	PHILIPSBURG	Wastewater system preliminary engineering	6	02/07/18	04/27/18	77,000	-	67,785	08/15/24	PHILIPSBURG
<b>Philipsburg Total</b>						<b>398,937</b>	<b>-</b>	<b>331,225</b>		
<b>GRANITE COUNTY Total</b>						<b>398,937</b>	<b>-</b>	<b>331,225</b>		
	HAVRE	Change city hall (two bldgs) from flat to pitch roof	15	05/15/07	08/03/07	280,000	-	22,419	08/15/22	HAVRE
	HILL COUNTY	Purchase 5 new sheriff vehicles	5	05/04/18	01/03/20	180,012	-	180,012	02/15/25	HAVRE
	HILL COUNTY	anticipation of RD funds/ Milk River Levee design co:	3	04/27/20			50,000	-		HAVRE
<b>Hill County Total</b>						<b>180,012</b>	<b>50,000</b>	<b>180,012</b>		
	UNIFIED DISPOSAL DISTRICT	Develop facility at new landfill	15	10/26/10	12/10/10	900,000	-	366,963	02/15/26	HAVRE
<b>HILL COUNTY Total</b>						<b>1,360,012</b>	<b>50,000</b>	<b>569,394</b>		
	BOULDER	Unexpected costs related to water proj.	10	04/06/10	04/30/10	50,000	-	2,740	08/15/20	BOULDER
	BOULDER	Purchase police vehicle	5	05/07/15	02/12/16	30,000	-	6,147	02/15/21	BOULDER
	BOULDER	Reroof City Hall (\$8K) and purchase police vehicle (\$	6	10/06/17	12/22/17	44,000	-	30,403	02/15/24	BOULDER
<b>Boulder Total</b>						<b>124,000</b>	<b>-</b>	<b>39,290</b>		
	BULL MOUNTAIN RURAL FIRE DIST.	Finance water tender	5	02/15/18	05/04/18	20,000	-	14,327	08/15/23	BOULDER
	BULL MOUNTAIN RURAL FIRE DIST.	fire station improvements	10	06/23/20			30,000	-		BOULDER
<b>Bull Mountain Rural Fire Dist. Total</b>						<b>20,000</b>	<b>30,000</b>	<b>14,327</b>		
	JEFFERSON COUNTY	Martinez Gulch RID #2517 Rd. Improv.	15	08/11/09	11/20/09	262,879	-	27,517	08/15/24	BOULDER
	JEFFERSON COUNTY	Moonlight Ridge RID #2511 road improvements	15	09/04/09	12/24/09	241,096	-	60,421	02/15/25	BOULDER
	JEFFERSON COUNTY	Construct Clerk & Recorder Annex	15	04/30/15	06/19/15	808,475	-	596,976	08/15/30	BOULDER
	JEFFERSON COUNTY	Improvements at the County Fairgrounds	15	04/29/16	09/23/16	320,810	-	265,052	08/15/31	BOULDER
	JEFFERSON COUNTY	Big Sky Acres RID road improvements	15	10/26/16	11/23/16	135,357	-	110,733	02/15/32	BOULDER
	JEFFERSON COUNTY	construction of a new roll-off container site	15	04/08/20			800,000	-		BOULDER
<b>Jefferson County Total</b>						<b>1,768,618</b>	<b>800,000</b>	<b>1,060,700</b>		
	JEFFERSON HIGH SCHOOL DISTRICT	Replace servers and complete wireless network	5	06/25/15	08/14/15	37,966	-	3,907	08/15/20	BOULDER
	JEFFERSON VALLEY RURAL FIRE DIST	2016 International Urban Interface Fire Apparatus	10	05/05/16	06/24/16	244,000	-	162,296	08/15/26	WHITEHALL
	MONTANA CITY RURAL FIRE DISTRIC	Purchase property and construct station	15	11/05/13	04/24/15	825,000	-	624,949	08/15/30	CLANCY

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MONTANA CITY SCHOOL DISTRICT #	Repair and replacement of its septic system	15	08/23/12	10/19/12	55,168	-	29,777	06/15/27	CLANCY
<b>JEFFERSON COUNTY Total</b>					<b>3,074,752</b>	<b>830,000</b>	<b>1,935,245</b>		
HOBSON	Repairing municipal pool	15	05/20/14	06/20/14	54,407	-	35,361	08/15/29	HOBSON
<b>Hobson Total</b>					<b>54,407</b>	<b>-</b>	<b>35,361</b>		
<b>JUDITH BASIN COUNTY Total</b>					<b>54,407</b>	<b>-</b>	<b>35,361</b>		
MISSION MOUNTAIN COUNTRY CLU	Install water meters/pits, replace main pump	15	09/12/12	11/09/12	95,000	-	53,268	02/15/28	RONAN
POLSON	Finance dump truck with snow plow attachment	5	11/06/15	12/23/15	55,379	-	11,245	02/15/21	POLSON
RONAN	purchase three new police vehicles	6	11/01/18	03/22/19	115,000	-	95,252	08/15/24	RONAN
RONAN	Front end loader	10	11/26/19	01/17/20	127,000	-	127,000	02/15/30	RONAN
RONAN	Front end loader attachments	7	11/26/19	01/17/20	100,781	4,219	100,781	02/15/27	RONAN
<b>Ronan Total</b>					<b>342,781</b>	<b>4,219</b>	<b>323,033</b>		
ST IGNATIUS SCHOOL DISTRICT #28	addressing various deferred maintenance projects	15	11/13/18	04/05/19	1,048,066	109,907	1,024,201	02/15/34	SAINT IGNATIUS
<b>LAKE COUNTY Total</b>					<b>1,541,226</b>	<b>114,126</b>	<b>1,411,748</b>		
AUGUSTA ELEMENTARY SCHOOL DIST	Construct a bus barn	15	08/03/17	03/09/18	34,035	-	30,376	02/15/33	AUGUSTA
AUGUSTA HIGH SCHOOL DISTRICT #4	Construct bus barn	15	08/04/17	10/20/17	135,000	-	119,778	02/15/33	AUGUSTA
AUGUSTA RURAL FIRE DISTRICT	New Fire Pumper Truck	10	01/30/12	08/17/12	85,000	-	22,248	08/15/22	AUGUSTA
BAXENDALE FIRE DIST	contruction of fire station in Remini	15	10/04/18	01/18/19	200,000	-	189,573	02/15/34	HELENA
HELENA	Upgrades to municipal golf course irrigation system	15	09/20/13	12/05/14	433,099	-	296,805	02/15/30	HELENA
HELENA	purchasing and installing parking meters, kiosks, and	10	07/08/19	11/01/19	560,243	-	560,243	02/15/30	HELENA
<b>Helena Total</b>					<b>993,342</b>	<b>-</b>	<b>857,048</b>		
HELENA ELEMENTARY SCHOOL DIST	Broadwater Elementary School roof replacement	6	03/06/18	01/25/19	757,799	-	614,156	02/15/24	HELENA
LEWIS & CLARK COUNTY	Autumn Wind Court RID road improv	15	08/27/09	08/20/10	40,124	-	1,338	08/15/25	HELENA
LEWIS & CLARK COUNTY	Remodel City/County Admin. Bldg-2nd floor -Phase I	10	11/17/09	06/25/10	505,000	-	26,034	08/15/20	HELENA
LEWIS & CLARK COUNTY	Big Sky Subdivision RID Road Improvements	15	02/28/13	12/06/13	167,896	-	63,209	02/15/29	HELENA
LEWIS & CLARK COUNTY	Settler's Cove RID Road Improvements	15	01/29/14	12/12/14	105,507	-	51,591	02/15/30	HELENA
LEWIS & CLARK COUNTY	Construction of a Search & Rescue Building	8	03/17/14	05/01/15	730,000	-	328,376	08/15/23	HELENA
LEWIS & CLARK COUNTY	Lake Home Condo RID road improvements	15	08/27/14	12/12/14	14,000	-	6,424	02/15/30	HELENA
LEWIS & CLARK COUNTY	Big Valley Cabin Road RID #2015-2	7	07/30/15	02/17/17	48,668	-	15,106	02/15/24	HELENA
LEWIS & CLARK COUNTY	Road improvements for Hillview RID #2015-3	10	07/28/15	02/17/17	76,125	-	36,843	02/15/27	HELENA
LEWIS & CLARK COUNTY	Road improvements for Bridge Creek RID #2015-4	10	07/28/15	02/17/17	38,046	-	6,681	02/15/27	HELENA

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						REMAINING	OUTSTANDING		
LEWIS & CLARK COUNTY	Improve heating, ventilation, air conditioning in City	1	04/09/18	06/12/20	750,000	-	750,000	08/15/30	HELENA
LEWIS & CLARK COUNTY	Camelot Rural Improvement District road improvem	10	04/23/18	04/12/19	12,901	-	8,176	02/15/29	HELENA
LEWIS & CLARK COUNTY	South Forestvale RID road improvements	10	09/02/18		0.00	133,460	0.00		HELENA
	Lewis & Clark County Total				2,488,266	133,460	1,293,778		
LEWIS & CLARK LIBRARY	Remodel Facility	10	11/19/19	02/07/20	2,000,000	-	2,000,000	02/15/30	HELENA
TRI-LAKES VOLUNTEER FIRE DEPART	Three Used Apparatuses	10	04/21/11	07/15/11	131,939	-	21,629	08/15/21	EAST HELENA
WOLF CREEK/CRAIG FIRE SVC AREA	Build a 50' x 80' truck barn	15	08/06/09	10/02/09	139,798	-	29,302	08/15/24	WOLF CREEK
<b>LEWIS AND CLARK COUNTY Total</b>					<b>6,965,179</b>	<b>133,460</b>	<b>5,177,887</b>		
EUREKA FIRE SERVICE AREA	Fire Pumper Truck	7	01/26/18	12/18/18	100,000	-	58,192	02/15/25	EUREKA
FISHER RIVER VALLEY FIRE SERVICE A	Refi Fire Station Construction Loan	15	05/10/11	06/24/11	136,245	-	63,499	08/15/26	LIBBY
FISHER RIVER VALLEY FIRE SERVICE A	New Fire Engine	10	05/09/13	07/05/13	70,000	-	25,217	08/15/23	LIBBY
FISHER RIVER VALLEY FIRE SERVICE A	Repair Fire Station roof	15	10/21/14	11/21/14	20,000	-	13,663	02/15/30	LIBBY
	Fisher River Valley Fire Service Area Total				226,245	-	102,379		
LIBBY	Replace firehall roof	10	03/10/17	06/16/17	60,000	-	46,373	08/15/27	LIBBY
MCCORMICK RURAL FIRE DISTRICT	Make improvements to fire station	15	10/13/16	01/13/17	4,842	-	3,966	02/15/32	TROY
<b>LINCOLN COUNTY Total</b>					<b>391,087</b>	<b>-</b>	<b>210,910</b>		
MADISON VALLEY RURAL FIRE DIST.	Refi Fire Station Loan	10	07/26/10	09/24/10	240,708	-	12,578	08/15/20	ENNIS
TWIN BRIDGES	Construct town shop	10	08/06/18	11/02/18	190,000	-	190,000	08/15/29	TWIN BRIDGES
<b>MADISON COUNTY Total</b>					<b>430,708</b>	<b>-</b>	<b>202,578</b>		
MCCONE COUNTY	Community Facility at Fairgrounds	10	07/19/10	08/13/10	125,000	-	6,980	08/15/20	CIRCLE
MCCONE COUNTY	Repair Public Library foundation	10	12/10/14	01/16/15	69,050	-	35,326	02/15/25	CIRCLE
MCCONE COUNTY	Finance vehicle for sheriff dept	5	03/06/15	04/24/15	42,532	-	4,375	08/15/20	CIRCLE
MCCONE COUNTY	Finance road dept vehicle	5	10/13/16	12/16/16	35,400	-	14,488	02/15/22	CIRCLE
MCCONE COUNTY	Wheel Loader	6	12/21/16	01/20/17	144,500	-	73,755	02/15/23	CIRCLE
MCCONE COUNTY	Sheriff vehicle and radio	5	12/12/19	04/24/20	62,374	-	62,374	08/15/25	CIRCLE
MCCONE COUNTY	Purchase backhoe/loader with attachments	5	02/21/20	03/20/20	77,900	-	77,900	02/15/25	CIRCLE
<b>MCCONE COUNTY Total</b>					<b>556,756</b>	<b>-</b>	<b>275,198</b>		
MEAGHER COUNTY	Construct Ambulance Building	15	02/04/15	07/02/15	120,000	-	87,716	08/15/30	WHITE SULPHU
<b>MEAGHER COUNTY Total</b>					<b>120,000</b>	<b>-</b>	<b>87,716</b>		
ST REGIS SCHOOL DISTRICT	Converting available space into a weight room facilit	15	01/15/16	10/28/16	120,000	-	92,080	02/15/32	SAINT REGIS
ST REGIS SCHOOL DISTRICT	Roofing Project	15	08/08/18	10/12/18	225,000	-	209,671	06/15/33	SAINT REGIS
	St. Regis School Dist. Total				345,000	-	301,750		

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						REMAINING	OUTSTANDING		
MINERAL COUNTY Total					345,000	-	301,750		
BONNER ELEMENTARY SCHOOL DIST	Addition to expand school cafeteria and improve off	15	08/12/15	10/30/15	346,000	-	260,939	06/15/30	BONNER
FRENCHTOWN SCHOOL DISTRICT #4	Building capital projects	5	02/10/16	04/29/16	735,766	-	272,036	06/15/21	FRENCHTOWN
MISSOULA COUNTY	Refinance the purchase of Historical Building	10	04/27/09	05/15/09	432,500	-	144,876	08/15/24	MISSOULA
MISSOULA COUNTY	Williams Addtn RID -sewer system improvements	15	11/04/09	05/07/10	73,000	-	26,830	08/15/25	MISSOULA
MISSOULA COUNTY	Construct Seeley-Swan Search & Rescue building	15	11/10/14	06/05/15	200,000	-	147,240	08/15/30	MISSOULA
MISSOULA COUNTY	Replace 911 equipment	7	04/23/15	05/06/16	367,234	-	188,588	08/15/23	MISSOULA
MISSOULA COUNTY	Carlton Cemetery sprinkler system	10	10/14/15	12/30/15	26,252	-	16,098	02/15/26	MISSOULA
MISSOULA COUNTY	County Fairgrounds improvements	10	03/14/16	06/09/17	823,604	-	636,551	08/15/27	MISSOULA
MISSOULA COUNTY	Wastewater system improvements for Lewis&Clark	15	10/27/16	11/17/17	10,705	-	9,281	02/15/33	MISSOULA
MISSOULA COUNTY	Purchase radio tower and microwave for public safe	15	04/24/18	06/15/18	425,158	-	391,093	08/15/33	MISSOULA
Missoula County Total					2,358,454	-	1,560,557		
MISSOULA RURAL FIRE DISTRICT	finance two type-1 fire engines	10	05/10/19	03/27/20	313,000	-	313,000	02/15/30	MISSOULA
MISSOULA RURAL FIRE DISTRICT	purchase two type-1 fire engines	10	04/13/20			350,000	-		MISSOULA
Missoula Rural Fire District Total					313,000	350,000	313,000		
SEELEY LAKE RURAL FIRE DIST	Purchase land/building to house trucks and equip.	15	07/28/09	08/28/09	325,000	-	113,984	08/15/24	SEELEY LAKE
SEELEY-SWAN HOSPITAL DISTRICT	Expand existing Seeley-Swan Medical Center	15	07/17/14	09/19/14	551,390	-	367,498	08/15/29	SEELEY LAKE
MISSOULA COUNTY Total					4,629,610	350,000	2,888,015		
ROUNDUP	UV Disinfection-Sewer Lagoon	10	04/27/12	07/20/12	239,924	-	121,636	08/15/27	ROUNDUP
MUSSELSHELL COUNTY Total					239,924	-	121,636		
LIVINGSTON	Street Repair Project	10	03/05/12	01/25/13	400,000	-	124,957	02/15/23	LIVINGSTON
LIVINGSTON	Purchase property that will be used as a right of way	5	02/09/16	03/11/16	150,000	-	30,616	02/15/21	LIVINGSTON
LIVINGSTON	Remodel police and dispatch center area of city hall,	10	01/09/17	04/13/17	75,000	-	54,109	02/15/27	LIVINGSTON
LIVINGSTON	purchase new street sweeper & repair exisiting swei	5	11/21/18	01/11/19	239,269	-	195,336	02/15/24	LIVINGSTON
Livingston Total					864,269	-	405,017		
PARK COUNTY	Construct search & rescue operations bldg	15	10/03/12	03/01/13	880,000	-	512,659	02/15/28	LIVINGSTON
PARK COUNTY	Remodel dispatch center, replace power switchgear	7	05/25/17	06/23/17	357,500	-	239,779	08/15/24	LIVINGSTON
PARK COUNTY	flood repairs/replace Convict Grade Bridge	15	08/08/19	08/30/19	551,362	8,638	536,400	08/15/34	LIVINGSTON
PARK COUNTY	purchase a grader and completing phase one of City	7	04/27/20	06/05/20	405,914	14,086	405,914	08/15/27	LIVINGSTON
Park County Total					2,194,776	22,724	1,694,752		
PARK COUNTY RURAL FIRE DISTRICT	Fire station building improvements	15	09/26/12	04/12/13	200,000	-	110,053	02/15/28	LIVINGSTON
PARK COUNTY RURAL FIRE DISTRICT	Purchase land adjacent to fire station	15	08/08/14	08/29/14	118,900	-	77,311	08/15/29	LIVINGSTON
PARK COUNTY RURAL FIRE DISTRICT	purchase used structure engine	7	03/13/19	04/26/19	100,000	-	73,664	02/15/26	LIVINGSTON
Park County Rural Fire District #1 Total					418,900	-	261,028		
SHIELDS VALLEY ELEMENTARY SCHO	Purchase school bus	8	08/10/17	08/31/18	42,920	-	35,612	06/15/26	WILLSALL

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						REMAINING	OUTSTANDING		
SHIELDS VALLEY HIGH SCHOOL DIST	Purchase school bus	8	08/10/17	08/31/18	64,380	-	53,418	06/15/26	CLYDE PARK
<b>PARK COUNTY Total</b>					<b>3,585,245</b>	<b>22,724</b>	<b>2,449,828</b>		
PETROLEUM COUNTY	Purchase two road graders	7	03/17/17	04/28/17	120,000	-	79,528	08/15/24	WINNETT
WINNETT SCHOOL DISTRICT #1	Finance replacement school bus	3	05/21/18	08/03/18	46,680	-	23,842	06/15/21	WINNETT
<b>PETROLEUM COUNTY Total</b>					<b>166,680</b>	<b>-</b>	<b>103,371</b>		
MALTA	Finance additional 1.84 acre landfill cell	15	04/11/17	07/21/17	346,796	-	293,644	08/15/32	MALTA
MALTA	PURCHASE A GARBAGE TRUCK	7	09/05/18	02/21/20	221,081	-	221,081	02/15/27	MALTA
SACO PUBLIC SCHOOLS	school building roof repair and maintenance	15	04/17/20			248,723	-		SACO
<b>PHILLIPS COUNTY Total</b>					<b>567,877</b>	<b>248,723</b>	<b>514,725</b>		
CONRAD	Expand and remodel City Hall	10	01/03/12	07/27/12	384,000	-	101,611	08/15/22	CONRAD
CONRAD ELEMENTARY SCHOOL	heating system replacement/Utterback Elementary	5	06/03/19		0.00	365,000	0.00		CONRAD
PONDERA COUNTY	Senior Center Remodel Project	15	07/13/11	08/12/11	113,841	-	54,674	08/15/26	CONRAD
PONDERA COUNTY	HVAC upgrades to courthouse and jail facility	15	01/09/17	04/13/17	359,000	-	306,266	02/15/32	CONRAD
VALIER	Finance a motor grader	7	12/01/16	04/13/17	40,000	-	23,538	02/15/24	VALIER
VALIER ELEMENTARY SCHOOL DISTR	Swimming Pool Rehab	10	05/26/10	05/20/11	147,739	(0)	22,245	08/15/21	VALIER
VALIER HIGH SCHOOL DISTRICT #18	Swimming Pool Rehab	10	05/26/10	05/20/11	147,739	(0)	22,245	08/15/21	VALIER
<b>PONDERA COUNTY Total</b>					<b>1,192,320</b>	<b>365,000</b>	<b>530,579</b>		
POWDER RIVER COUNTY	Purchase gravel crusher	10	05/15/13	08/23/13	559,167	-	184,043	08/15/23	BROADUS
POWDER RIVER COUNTY	Renovate nursing home in Broadus	15	07/18/16	05/26/17	200,438	-	4,106	08/15/32	BROADUS
<b>POWDER RIVER COUNTY Total</b>					<b>759,605</b>	<b>-</b>	<b>188,148</b>		
AVON RURAL FIRE DISTRICT	Purchase Fire Engine	7	03/02/15	03/20/15	50,000	-	13,588	02/15/22	AVON
DEER LODGE	Finance a fire truck	10	05/09/16	07/08/16	420,000	-	279,623	08/15/26	DEER LODGE
ELLISTON RURAL FIRE DISTRICT	Finance new fire truck	10	11/05/13	12/06/13	80,000	-	32,274	02/15/24	ELLISTON
<b>POWELL COUNTY Total</b>					<b>550,000</b>	<b>-</b>	<b>325,485</b>		



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						REMAINING	OUTSTANDING		
PRAIRIE COUNTY HOSPITAL DISTRICT	Replace hospital & clinic roof	15	04/15/10	12/23/10	168,619	-	69,020	08/15/25	TERRY
<b>PRAIRIE COUNTY Total</b>					<b>168,619</b>	<b>-</b>	<b>69,020</b>		
CORVALLIS RURAL FIRE DISTRICT	Refinance two fire stations	10	11/07/12	11/30/12	627,648	-	196,561	02/15/23	CORVALLIS
CORVALLIS RURAL FIRE DISTRICT	Purchase ladder fire truck	7	08/28/15	09/18/15	125,000	-	46,955	08/15/22	CORVALLIS
Corvallis Rural Fire District Total					752,648	-	243,516		
CORVALLIS SCHOOL DISTRICT #1	Property Purchase	5	11/14/17	06/22/18	1,525,000	-	1,085,102	06/15/23	CORVALLIS
DARBY RURAL FIRE DISTRICT	Purchase a new fire engine	10	12/13/12	01/11/13	88,481	-	27,595	02/15/23	DARBY
FLORENCE RURAL FIRE DISTRICT	Finance a type one fire vehicle	10	10/14/16	02/10/17	305,764	-	235,090	02/15/27	FLORENCE
HAMILTON	Refurbishing city-owned building for Justice, Law and	10	10/25/17	10/05/18	1,000,000	-	897,992	08/15/28	HAMILTON
HAMILTON SCHOOL DISTRICT #3	Remodel and Replace boiler at Daly Elementary School	15	06/06/13	10/25/13	350,000	-	212,486	06/15/28	HAMILTON
HAMILTON SCHOOL DISTRICT #3	Upgrade technology infrastructure	7	11/05/13	12/06/13	487,556	-	72,802	02/15/21	HAMILTON
HAMILTON SCHOOL DISTRICT #3	finance portion of Daly Elementary rehabilitation project	15	11/13/18	06/14/19	1,500,000	150,000	1,462,835	08/15/34	HAMILTON
Hamilton School District #3 Total					2,337,556	150,000	1,748,123		
LONE ROCK ELEMENTARY SCHOOL DISTRICT	Installing a new septic system	10	11/18/11	01/13/12	40,000	-	6,733	06/15/21	STEVENSVILLE
LONE ROCK ELEMENTARY SCHOOL DISTRICT	Phone System	10	05/03/13	06/14/13	27,185	-	9,826	06/15/23	STEVENSVILLE
Lone Rock Elementary School District Total					67,185	-	16,559		
NORTH VALLEY PUBLIC LIBRARY DISTRICT	Refinance library building mortgage	15	03/28/13	04/26/13	68,000	-	39,780	08/15/28	STEVENSVILLE
PINESDALE	Finance Type 6 Fire Truck	10	01/02/18	02/02/18	49,000	-	40,103	02/15/28	PINESDALE
RAVALLI COUNTY ECONOMIC DEVELOPMENT AUTHORITY	Parking Lot Expansion	10	10/13/11	01/13/12	64,278	-	13,739	02/15/22	HAMILTON
RAVALLI COUNTY ECONOMIC DEVELOPMENT AUTHORITY	Parking Lot Expansion	10	10/13/11	01/13/12	2,289	-	493	02/15/22	HAMILTON
Ravalli County Economic Development Authority Total					66,567	-	14,232		
<b>RAVALLI COUNTY Total</b>					<b>6,260,202</b>	<b>150,000</b>	<b>4,348,092</b>		
SAVAGE ELEMENTARY SCHOOL DISTRICT	Heating/Cooling Systems and asbestos abatement	10	08/23/12	11/02/12	600,000	-	164,832	06/15/22	SAVAGE
<b>RAVALLI COUNTY Total</b>					<b>600,000</b>	<b>-</b>	<b>164,832</b>		
BAINVILLE PUBLIC SCHOOL DISTRICT	HVAC upgrades, improvements to comply with ADA	5	02/20/18	09/28/18	189,142	-	134,751	06/15/23	BAINVILLE
CULBERTSON	Street, Curb and Gutter Improvements	15	09/24/10	07/22/11	127,364	-	54,104	08/15/26	CULBERTSON
CULBERTSON ELEMENTARY SCHOOL	Reroofing of school wings	10	08/23/11	11/04/11	124,000	-	21,126	06/15/21	CULBERTSON
CULBERTSON ELEMENTARY SCHOOL	Finance classroom addition project	15	07/29/16	08/19/16	1,600,000	-	1,292,142	06/15/31	CULBERTSON
Culbertson Elementary School District Total					1,724,000	-	1,313,268		
CULBERTSON HIGH SCHOOL DISTRICT	Reroofing of high school wings	10	08/23/11	11/04/11	122,041	-	20,792	06/15/21	CULBERTSON

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						REMAINING	OUTSTANDING		
FROID	Antcip of USDA RD long term financing - wastewater	2	05/22/18	09/20/19	1,024,640	368,360	1,024,640	08/15/21	FROID
WOLF POINT	Street Improvements	15	06/29/16	11/04/16	1,300,000	-	1,053,219	08/15/31	WOLF POINT
<b>ROOSEVELT COUNTY Total</b>					<b>4,487,187</b>	<b>368,360</b>	<b>3,600,773</b>		
FORSYTH	Refi/repair the municipal pool	10	10/05/12	06/07/13	133,807	-	43,636	02/15/23	FORSYTH
COLSTRIP SCHOOL DISTRICT #19	School building remodel	5	06/16/16	09/30/16	500,000	-	152,269	06/15/21	COLSTRIP
COLSTRIP	Solid waste revenue bond for garbage truck	5	08/23/16	12/09/16	100,000	-	40,000	02/15/22	COLSTRIP
<b>ROSEBUD COUNTY Total</b>					<b>733,807</b>	<b>-</b>	<b>235,905</b>		
DIXON RURAL FIRE DISTRICT	Purchase and upgrade an existing building for Fire H	15	11/05/15	12/04/15	25,000	-	10,909	02/15/31	DIXON
HOT SPRINGS	Water System Improvements - revenue bond	15	11/14/13	11/20/15	110,497	-	83,227	02/15/31	HOT SPRINGS
PLAINS SCHOOL DISTRICT #1	Replace high school boiler	5	05/10/18	07/06/18	200,000	-	143,270	06/15/23	PLAINS
SANDERS COUNTY	Concession stand and Fairgrounds improvements	10	07/01/10	07/30/10	140,556	0	7,563	08/15/20	THOMPSON FA
THOMPSON FALLS	Finance a public works vehicle	5	06/02/15	07/02/15	13,715	-	1,411	08/15/20	THOMPSON FA
THOMPSON FALLS	Finance two police vehicles	5	12/01/15	03/24/16	13,590	-	2,767	02/15/21	THOMPSON FA
THOMPSON FALLS	Sewer system improvements	5	04/15/16	11/18/16	36,000	-	10,942	08/15/21	THOMPSON FA
THOMPSON FALLS	Finance a pumper fire truck	7	07/29/16	08/26/16	75,000	-	30,992	08/15/23	THOMPSON FA
THOMPSON FALLS	PER for wastewater system	3	12/02/16	11/22/17	20,000	-	6,832	02/15/21	THOMPSON FA
THOMPSON FALLS	purchase public works vehicle	5	06/05/20			35,000	-		THOMPSON FA
<b>SANDERS COUNTY Total</b>					<b>158,305</b>	<b>35,000</b>	<b>52,945</b>		
BUTTE-SILVER BOW	Purchase Crusher for Road Dept	10	04/17/13	06/14/13	665,844	-	241,298	08/15/23	BUTTE
RAMSAY ELEMENTARY SCHOOL DIST	Purchase hardware, software, and training	5	07/08/15	08/14/15	230,000	0	30,120	06/15/20	RAMSAY
<b>SILVER BOW COUNTY Total</b>					<b>895,844</b>	<b>0</b>	<b>271,418</b>		
BEARTOOTH PARKS AND RECREATIO	Repair pool and bath houses	15	01/16/15	07/02/15	53,539	-	39,868	08/15/30	FISHTAIL
COLUMBUS	Construct public works facility	10	05/18/11	01/06/12	300,000	-	63,805	02/15/22	COLUMBUS
COLUMBUS RURAL FIRE DISTRICT #3	Finance a wildland tender	7	04/28/16	05/20/16	108,893	-	16,748	08/15/23	COLUMBUS
COLUMBUS RURAL FIRE DISTRICT #3	2013 Pierce Pumper Truck	10	06/14/19	07/26/19	-	155,000	-	08/15/29	COLUMBUS

**Local Government INTERCAP loans\* - by County**

**AS of June 30, 2020**

**\*only loans that have remaining commitment and/or outstanding**

COUNTY BORROWER NAME	PROJECT	TERM	COMMIT DATE	FUND DATE	DRAWN	COMMIT		MATURITY	CITY
						REMAINING	OUTSTANDING		
	Columbus Rural Fire District #3 Total				108,893	155,000	16,748		
PARK CITY HIGH SCHOOL DISTRICT	Replace roofs on high school and vo-ag building	5	10/27/17	07/27/18	256,202	(0)	163,561	06/15/22	PARK CITY
PARK CITY RURAL FIRE DISTRICT	Finance replacement apparatus	7	11/25/15	10/13/17	35,000	-	23,047	08/15/24	PARK CITY
RAPELJE WATER & SEWER DISTRICT	Refinance existing loan w/USDA-RD	6	01/05/16	02/05/16	20,785	-	6,945	02/15/22	RAPELJE
REED POINT ELEMENTARY SCHOOL	Refinance loan that purchased staff housing	15	06/30/17	07/28/17	183,109	-	156,908	06/15/24	REED POINT
STILLWATER COUNTY	purchase jet boat for Search and Rescue	5	03/13/19	06/14/19	52,226	-	47,395	08/15/24	COLUMBUS
STILLWATER COUNTY	two used plow trucks	7	08/26/19	10/04/19	107,000	43,000	99,680	08/15/26	COLUMBUS
	Stillwater County Total				159,226	43,000	147,075		
<b>STILLWATER COUNTY Total</b>					<b>1,116,754</b>	<b>198,000</b>	<b>617,956</b>		
TETON COUNTY	Purchase building	10	10/27/11	12/16/11	75,000	-	16,184	02/15/22	CHOTEAU
CHOTEAU	Asphalt grinder	10	11/08/17	12/08/17	85,550	-	70,096	02/15/28	CHOTEAU
<b>TETON COUNTY Total</b>					<b>160,550</b>	<b>-</b>	<b>86,280</b>		
KEVIN	Repair portion of water system	15	09/06/13	10/18/13	35,828	-	21,198	08/15/28	KEVIN
KEVIN	Purchase and upgrade existing building for Town off	10	11/16/15	12/18/15	39,944	-	24,477	02/15/26	KEVIN
	Kevin Total				75,772	-	45,675		
SHELBY HIGH SCHOOL DISTRICT	Renovate football field and track complex	10	06/11/10	08/20/10	79,461	-	4,317	08/15/20	SHELBY
SUNBURST	Purchase Skid Steer	5	01/29/19	03/08/19	40,000	-	32,446	02/15/24	SUNBURST
TOOLE COUNTY	Energy Retrofit County Buildings	10	06/24/10	07/23/10	425,000	-	22,667	08/15/20	SHELBY
TOOLE COUNTY	Airport Taxiway and hangar	10	12/26/12	01/18/13	145,394	-	45,382	02/15/23	SHELBY
TOOLE COUNTY	Finance road grader	5	12/17/15	01/15/16	148,585	-	30,294	02/15/21	SHELBY
TOOLE COUNTY	Purchase telemetry system for Marias Med Center	5	02/15/18	07/06/18	141,730	-	101,023	08/15/23	SHELBY
TOOLE COUNTY	computer server and storage for Marias Medical Cer	5	09/23/19	10/18/19	176,643	-	159,258	08/15/24	SHELBY
	Toole County Total				1,037,352	-	358,625		
TRI-CITY INTERLOCAL EQUIP POOL	Purchase truck with aerial bucket	5	03/15/16	05/06/16	60,000	-	18,490	08/15/21	SHELBY
TRI-CITY INTERLOCAL EQUIP POOL	New combination sewer truck	7	06/03/19	06/21/19	389,414	-	362,594	08/15/26	SHELBY
	Tri-City Interlocal Equip Pool Total				449,414	-	381,085		
<b>TOOLE COUNTY Total</b>					<b>1,681,999</b>	<b>-</b>	<b>822,148</b>		
HINSDALE ELEMENTARY SCHOOL DIS	Roofing project	5	06/01/16	04/07/17	151,040	0	60,617	06/15/21	HINSDALE
HINSDALE HIGH SCHOOL DISTRICT	Roofing project	5	06/01/16	04/07/17	151,040	0	60,615	06/15/21	HINSDALE
VALLEY COUNTY	Emergency road & bridge repairs	10	07/08/11	07/06/12	163,038	-	35,821	02/15/22	GLASGOW
VALLEY COUNTY	Build new fire hall	10	05/07/15	07/24/15	100,000	-	56,543	08/15/25	GLASGOW

**Local Government INTERCAP loans\* - by County**

**AS of June 30, 2020**

**\*only loans that have remaining commitment and/or outstanding**

COUNTY BORROWER NAME	PROJECT	TERM	COMMIT DATE	FUND DATE	DRAWN	COMMIT		MATURITY	CITY
						REMAINING	OUTSTANDING		
VALLEY COUNTY	Landfill Scraper	10	10/05/15	11/06/15	100,000	-	49,605	02/15/26	GLASGOW
	Valley County Total				363,038	-	141,968		
<b>VALLEY COUNTY Total</b>					<b>665,119</b>	<b>0</b>	<b>263,200</b>		
BILLINGS	Zimmerman SID sewer improvement	15	09/15/09	12/24/09	80,500	-	26,841	02/15/25	BILLINGS
BILLINGS	Expansion of police evidence building	15	05/21/19	12/06/19	285,388	3,124,612	285,388	08/15/34	BILLINGS
	Billings Total				365,888	3,124,612	312,229		
CANYON CREEK SCHOOL	Parking Lot Project	10	05/10/10	09/17/10	70,000	-	3,689	08/15/20	BILLINGS
LAUREL	Replace & repair sidewalks within SID 117	15	05/27/15	11/20/15	169,000	-	120,991	08/15/30	LAUREL
LAUREL	Fire Safety Equipment	7	05/28/15	08/28/15	160,000	-	58,683	08/15/22	LAUREL
	Laurel Total				329,000	-	179,674		
LAUREL AIRPORT AUTHORITY	Build a cross wind runway	15	05/11/17	09/08/17	373,198	(0)	335,273	08/15/32	LAUREL
YELLOWSTONE COUNTY	Construct pedestrian walkways in Lockwood area	10	06/25/15	11/13/15	285,965	-	154,143	02/15/26	BILLINGS
YELLOWSTONE COUNTY	construct pedestrian walkways in Lockwood area	10	10/19/18	11/09/18	350,000	50,000	328,028	02/15/29	BILLINGS
	Yellowstone County Total				635,965	50,000	482,171		
<b>YELLOWSTONE COUNTY Total</b>					<b>1,774,052</b>	<b>3,174,612</b>	<b>1,313,035</b>		
<b>LOCAL GOVERNMENT TOTAL AS OF JUNE 30, 2020</b>					<b>77,238,428</b>	<b>17,135,913</b>	<b>47,307,369</b>		

**State Agency INTERCAP loans\***

**AS of June 30, 2020**

**\*only loans that have remaining commitment and/or outstanding**

BORROWER NAME	PROJECT	TERM	COMMIT	Commitment	FUND	DRAWN	COMMIT	OUTSTANDING	MATURITY	CITY
			DATE		DATE		REMAINING			
CORRECTIONS	food factory expansion	15	02/11/20	2,750,000.00			2,750,000.00			DEER LODGE
DNRC	Anticip of issuing GO short term bond	2	05/22/18	2,900,000.00	03/15/19	2,900,000.00	-	600,000.00	02/15/21	HELENA
DNRC	Anticip of issuing GO short term bond	2	04/02/19	3,400,000.00	12/20/19	1,300,000.00	2,100,000.00	1,300,000.00	12/20/21	HELENA
DNRC	Anticip of issuing GO short term bond	2	04/02/19	4,000,000.00	06/05/20	1,100,000.00	2,900,000.00	1,100,000.00	06/05/22	HELENA
DNRC	drinking water state revolving fund loan	2	10/8/19	3,200,000.00		0.00	3,200,000.00	-		
	<b>DNRC Total</b>					<b>5,300,000</b>	<b>8,200,000</b>	<b>3,000,000</b>		
FISH, WILDLIFE, & PARKS	finance two replacement helicopters	7	10/8/19	1,600,000.00	3/6/20	870,000.00	730,000.00	870,000.00	2/15/27	HELENA
TRANSPORTATION	Motor pool vehicles	7	02/24/15	2,280,614.43	03/27/15	2,280,614.43	-	325,802.02	06/15/21	HELENA
TRANSPORTATION	State Motor Pool vehicles	7	11/17/15	3,105,303.82	03/24/16	3,105,303.82	-	973,351.59	06/15/22	HELENA
TRANSPORTATION	State Motor Pool replacement vehicle	7	11/15/16	2,632,248.70	03/10/17	2,632,248.70	-	1,214,803.67	06/15/23	HELENA
TRANSPORTATION	State Motor Pool vehicles	7	05/06/19	1,000,000.00	06/14/19	1,000,000.00	-	857,142.86	06/15/26	HELENA
TRANSPORTATION	State Motor Pool vehicles	7	11/19/19	3,080,000.00	06/12/20	3,080,000.00	-	3,080,000.00	06/15/27	HELENA
	<b>DNRC Total</b>					<b>12,098,167</b>	<b>-</b>	<b>6,451,100</b>		
<b>STATE AGENCY TOTAL AS OF JUNE 30, 2020</b>						<b>18,268,166.95</b>	<b>11,680,000.00</b>	<b>10,321,100.14</b>		

**University INTERCAP loans\***

**AS of June 30, 2020**

**\*only loans that have remaining commitment and/or outstanding**

BORROWER NAME PROJECT		TERM	COMMIT DATE	Commitment	FUND DATE	DRAWN	COMMIT REMAINING	OUTSTANDING	MATURITY CITY
MSU-BILLINGS	Residence Hall Roof Replacement	10	10/27/11	336,512.00	04/13/12	336,512	-	69,959	02/15/22 BILLINGS
MSU-BILLINGS	Bookstore Remodel	10	10/31/11	513,046.00	06/22/12	513,046	-	138,796	08/15/22 BILLINGS
MSU-BILLINGS	Student Union/Rimrock Hall HVAC	15	05/22/12	1,260,881.00	06/22/12	1,260,881	-	671,880	08/15/27 BILLINGS
MSU-BILLINGS	Repair/replace the roof on Petro Hall	10	06/05/14	376,758.00	01/09/15	376,758	-	192,672	02/15/25 BILLINGS
MSU-BILLINGS	Repair/replace roof on the Student Ur	10	05/04/15	835,488.00	06/19/15	835,488	-	482,216	08/15/25 BILLINGS
MSU-BILLINGS	Replace air handler in Student Union E	3	04/16/18	178,106.08	07/06/18	178,106	-	89,653	08/15/21 BILLINGS
MSU-BILLINGS	replace two boilers	15	04/08/20	750,000.00			750,000	-	BILLINGS
MSU-Billings Total						3,500,791	750,000	1,645,175	
MSU-BOZEMAN	Bobcat Stadium End Zone Project	15	01/12/11	4,000,000.00	04/29/11	4,000,000	-	1,873,913	08/15/26 BOZEMAN
MSU-BOZEMAN	Energy Retro - Multiple Buildings	15	11/13/12	4,350,000.00	11/16/12	4,350,000	-	2,420,844	08/15/28 BOZEMAN
MSU-BOZEMAN	IT Infra Rep Plan - wireless campus exj	10	01/07/14	279,347.00	01/24/14	279,347	-	114,912	02/15/24 BOZEMAN
MSU-BOZEMAN	Renovate Strand Union Building ballro	15	08/19/14	1,720,244.07	04/24/15	1,720,244	-	1,238,078	08/15/30 BOZEMAN
MSU-BOZEMAN	Finance digital encoding equipment fc	5	09/29/15	300,000.00	04/22/16	300,000	-	106,785	08/15/21 BOZEMAN
MSU-BOZEMAN	Repair Stadium Stairwells	5	11/14/16	475,000.00	04/28/17	475,000	-	244,914	08/15/22 BOZEMAN
MSU-BOZEMAN	improvements at the Dobbie Lambert	15	05/22/18	4,000,000.00	09/14/18	4,000,000		3,729,545	02/15/34 BOZEMAN
MSU-Bozeman Total						15,124,591	-	9,728,991	
<b>UNIVERSITY TOTAL AS OF JUNE 30, 2020</b>						<b>18,625,382.15</b>	<b>750,000.00</b>	<b>11,374,166.23</b>	

# MONTANA BOARD OF INVESTMENTS

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**To:** Board of Directors

**From:** Doug Hill-Director In-State Loan Programs

**Date:** August 3, 2020

**Subject:** Commercial and Residential Loan Portfolios

As of June 30, 2020, the Commercial loan portfolio balance was \$203,601,874 and represents 110 loans. There are currently three loan reservations that total \$8,100,000 and eight loans committed that total \$22,175,500. The commercial loan portfolio, excluding the Veterans Home Loan Program, Multifamily Coal Trust Homes Program, and Intermediary Relending Program has a yield of 2.74%. There are no loans past due over 30 days.

The Residential loan portfolio reflected an outstanding balance, as of July 31, 2020, of \$2,919,987 and represents 77 loans with a yield of 6.60%. There are no outstanding reservations. There is one loan, with an FHA guaranty, over 90 days past due totaling \$44,140 or 1.51% of the portfolio.

The Veterans Home Loan Mortgage portfolio reflected an outstanding balance, as of July 31, 2020, of \$47,869,909 and represents 273 loans with a yield of 1.84%. There are eight reservations totaling \$1,826,804 with a projected yield of 0.75%. There are two loans over 90 days past due totaling \$394,256, or 0.82% of the portfolio.

The Multifamily Coal Trust Homes Program reflected an outstanding balance, as of July 31, 2020, of \$4,344,375 and represents three loans with a yield of 2.51%. There are four reservations totaling \$10,193,995. The remaining available funds is \$455,814. There are no past due loans.

The Intermediary Relending Program reflected an outstanding balance, as of June 30, 2020, of \$4,215,558 and represents 32 loans with a yield of 2.00%. There is \$242,189 available to advance. There are three loans committed that total \$937,500. There are no past due loans.

<b>Name</b>	<b>Date Authorized</b>
<a href="#">Altanta Federal Credit Union</a>	7/13/2020
<a href="#">American Bank</a>	1/14/2020
<a href="#">American Bank Center</a>	7/14/2020
<a href="#">Ascent Bank</a>	7/2/2020
<a href="#">Bank of Baker, The</a>	7/8/2020
<a href="#">Bank of Bozeman</a>	6/19/2020
<a href="#">Bank of Bridger, N.A.</a>	8/4/2020
<a href="#">Bank of Montana</a>	1/8/2016
<a href="#">Bank of the Rockies</a>	6/16/2020
<a href="#">Bear Paw Development Corporation</a>	7/29/2020
<a href="#">Belt Valley Bank</a>	6/17/2020
<a href="#">Capital Community Bank</a>	7/2/2020
<a href="#">Citizens Alliance Bank</a>	7/13/2020
<a href="#">Clearwater Federal Credit Union</a>	6/19/2020
<a href="#">Eagle Bank</a>	6/16/2020
<a href="#">Farmers State Bank</a>	6/16/2020
<a href="#">First Bank of Montana, Division of Glacier Bank</a>	6/18/2020
<a href="#">First Citizens Bank of Butte</a>	7/13/2020
<a href="#">First Community Bank of Glasgow</a>	6/23/2020
<a href="#">First Federal Bank &amp; Trust</a>	5/18/2020
<a href="#">First Interstate Bank</a>	7/7/2011
<a href="#">First Montana Bank - Missoula</a>	6/23/2020
<a href="#">First New Mexico Bank</a>	6/23/2020
<a href="#">First Security Bank of Bozeman - Division of Glacier Bank</a>	6/17/2015
<a href="#">First Security Bank of Missoula -Division of Glacier Bank</a>	6/17/2015
<a href="#">First Security Bank of Roundup</a>	6/25/2020
<a href="#">First State Bank of Forsyth</a>	6/17/2020
<a href="#">First State Bank-Malta</a>	6/12/2020
<a href="#">Freedom Bank</a>	3/3/2016
<a href="#">Garfield County Bank</a>	6/22/2020
<a href="#">Glacier Bank</a>	7/5/2011
<a href="#">Granite Mountain Bank</a>	6/15/2020
<a href="#">Grasslands Federal Credit Union</a>	6/18/2020
<a href="#">Headwaters RC&amp;D Area Inc</a>	8/4/2020
<a href="#">Independence Bank</a>	6/16/2020
<a href="#">Intrepid Credit Union</a>	6/26/2020
<a href="#">Madison Valley Bank</a>	7/22/2020
<a href="#">Manhattan Bank</a>	6/23/2020
<a href="#">mBank</a>	7/28/2020
<a href="#">Montana Business Assistance Connection, Inc.</a>	7/15/2020
<a href="#">Montana Community Development Corp</a>	6/26/2020
<a href="#">Montana Educators' Credit Union</a>	7/21/2020
<a href="#">Mountain West Bank, Division of Glacier Bank</a>	6/29/2020
<a href="#">Opportunity Bank of MT</a>	3/18/2016
<a href="#">Peoples Bank of Deer Lodge</a>	6/16/2020
<a href="#">Ravalli County Economic Deveopment Authority</a>	7/17/2020



<a href="#">Rocky Mountain Credit Union</a>	6/19/2020
<a href="#">Security State Bank</a>	7/7/2020
<a href="#">Sky Federal Credit Union</a>	6/16/2020
<a href="#">Snowy Mountain Development Corp</a>	6/29/2020
<a href="#">Southwest Montana Community Federal Credit Union</a>	7/1/2020
<a href="#">Stockman Bank</a>	7/5/2011
<a href="#">Three Rivers Bank of Montana</a>	6/22/2020
<a href="#">Trail West Bank</a>	12/10/2019
<a href="#">Valley Bank Division of Glacier Bank</a>	6/18/2020
<a href="#">Valley Bank of Kalispell</a>	6/16/2020
<a href="#">Valley Bank of Ronan</a>	6/18/2020
<a href="#">Vocal Credit Union</a>	6/16/2020
<a href="#">Western Security Bank, Division of Glacier Bank</a>	6/18/2020
<a href="#">Whitefish Credit Union</a>	6/18/2020
<a href="#">Yellowstone Bank</a>	6/18/2020

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Daily Information				
	Deferred Payment Program	Hospitality Assistance Program	Capital Assistance Program	Totals
Total Number of Applications Received	898	53	9	960
Total Number of Approved Applications	581	24	3	608
Sum of Funds Requested	15,737,800.98	11,166,107.23	1,348,469.23	28,252,377.44
Total Funds Awarded to Applicants	10,394,647.62	5,588,865.65	457,385.86	16,440,899.13
Total Financial Benefit to the Borrower	55,134,707.88	24,794,861.33	1,253,427.50	81,182,996.71

## PRIVATE INVESTMENTS DUE DILIGENCE BRIEF

### Private Equity Asset Class

August 19, 2020

Axiom Asia VI, L.P.	
<b>Investment Strategy</b>	Fund-of-Funds
<b>Strategy Description</b>	Primarily small-size buyout, growth capital, and venture capital funds.
<b>Target Investment Size</b>	Investments of \$40 million to \$60 million per underlying fund.
<b>Geographic Preference</b>	Targeted Primary Countries (45% to 60% of fund) <ul style="list-style-type: none"> <li>China, Hong Kong and Taiwan</li> </ul> Targeted Additional Countries (45% to 60% of fund) <ul style="list-style-type: none"> <li>Japan, South Korea, India, Australia/NZ, Southeast Asia</li> </ul>
<b>Industry Focus</b>	Invest across stages of economic development across Asia.
<b>Expected Portfolio Construction</b>	Expect 20 to 25 primary fund investments as well as secondary and co-investments.

#### **Commitment:**

On October 28, 2009 staff committed \$25 million dollars to Axiom Asia II, LP. (10.4% IRR\*)  
 On February 28, 2012 staff committed \$25 million dollars to Axiom Asia III, LP. (20.6% IRR\*)  
 On December 16, 2015 staff committed \$25 million dollars to Axiom Asia IV, LP. (15.4% IRR\*)  
 On June 29, 2018, staff committed \$40 million dollars to Axiom Asia V, LP. (0.3% IRR\*)  
**On July 1, 2020, staff committed \$40 million dollars to Axiom Asia VI, LP.**

*\*IRR as of 6/30, net of fees to MBOI, State Street.*

Firm Overview		Fund Overview	
<b>Fund Name</b>	Axiom Asia V, L.P.	<b>Law / Jurisdiction</b>	Cayman Islands
<b>General Partner</b>	Mission Capital GP V, L.P.	<b>GP Commitment</b>	1.5%
<b>Ownership</b>	100% employee owned	<b>Preferred Return</b>	8%
<b>Year Founded</b>	2006	<b>Carried Interest</b>	5%
<b>Assets Under Mgmt.</b>	\$3.6 billion	<b>Management Fee</b>	1%
<b>Headquarters</b>	Republic of Singapore	<b>Waterfall Type</b>	European
<b>Number of Offices</b>	2	<b>Investment Period</b>	5 Years
<b>No. of total staff/ investment staff/ team</b>	26 / 12 / 22	<b>Fund Term</b>	12 Years
<b>Number of Partners</b>	4	<b>Leverage</b>	Capital call facility
<b>Placement Agent</b>	N/A	<b>Fund Size Target</b>	\$1.4 billion
<b>Auditors</b>	Ernst & Young, Ltd.	<b>Vintage Year</b>	2020
<b>Legal Counsel</b>	O'Melveny & Myers LLP	<b>LPAC Membership</b>	Yes

### Executive Management Profiles

#### **Edmond Ng, Managing Partner (14 years with Axiom / 23 years industry experience)**

Director – Kennen Investment Holding  
 Stanford University (M.S.); Columbia University (B.S.)

#### **Marc Lau, Managing Partner (14 years with Axiom / 16 years industry experience)**

Deputy General Manager – Danaher Corp.  
 Harvard Business School (M.B.A.); Stanford University (B.A.)

#### **Chris Loh, Managing Partner (11 years with Axiom / 20 years industry experience)**

Vice President – GIC Special Investments Pte.  
 National University of Singapore (M.B.A., M.S.); University of Tokyo (B.S.)

#### **Alex Lee, Managing Partner (11 years with Axiom / 23 years industry experience)**

Principal – Collier Capital  
 INSEAD (M.B.A.); National University of Singapore (M.S.); Stanford University (B.S.)

## Investment Terms

**Capital Call or Drawdown:** when the general partner's investment team is ready to purchase an asset, they will issue a capital call or drawdown for a portion or all of the cash promised by the investing limited partner.

**Carried Interest:** A share of the profits of an investment fund that is paid to the GP, generally for performance above a prespecified minimum return hurdle.

### Investment Strategies (lowest to highest risk)

**Core:** lower leverage levels, higher quality investments, and lower return expectations.

**Core Plus:** similar to core but takes on investments that are slightly riskier making the return expectations higher as well.

**Value Add:** investments in moderately distressed assets with an overall higher leverage that has higher return expectations to match the added risk of the portfolio.

**Opportunistic:** the riskiest investments due to higher leverage and/or lower level quality of investments (mainly distressed assets or assets that need substantial development) but with the highest return expectations to match the more significant risk.

**LPAC Membership:** The Limited Partnership Agreement Committee (LPAC) membership is occasionally available as a term of agreement. Being on the LPAC gives BOI a chance to voice concerns more directly and make decisions in conjunction with other LPAC members during unexpected events including the loss of key investment team members, extending the investing or exiting time frame, etc.

**Preferred Return:** the threshold return that the limited partners of a private equity fund must receive, prior to the managing firm receiving its carried interest.

**Vintage Year:** The first year in which capital is drawn to fund an investment, fees or expenses.

**Waterfall Type:** The waterfall type describes how a private equity fund will make distributions to its limited and general partners.

**European Waterfall:** First, all drawdown capital is repaid to the limited partners (i.e. cash that was called for realized and unrealized investments, management fees, and other expenses of the fund). Next, the limited partners are paid a preferred return on all called capital. Only then does the manager of the fund get a chance to share in the remaining proceeds.

**Deal-by-Deal Waterfall:** Generally, when a private equity manager can take part in the share of profits as soon as they have returned the drawn down capital and paid a preferred return on the fund's individually realized investments. This ignores unrealized investments and may also ignore management fees, and other miscellaneous expenses making it friendlier towards the general partner.

**Placement Agent:** A third-party group that assists the general partner in fundraising for a new or existing fund

## PRIVATE INVESTMENTS DUE DILIGENCE BRIEF

### Private Equity Asset Class

August 19, 2020

GoldenTree Distressed Co-Investment Fund III, L.P.	
<b>Investment Strategy</b>	Distressed Credit
<b>Strategy Description</b>	Investing in stressed and distressed assets in the corporate, structured and sovereign/municipal credit markets by co-investing alongside GoldenTree Distressed Fund III.
<b>Target Investment Size</b>	Individual issuer allocation will generally be in the range of 5%-10% for core positions. Typically target issuers with enterprise value <\$2 billion.
<b>Geographic Preference</b>	Global focus. Historical geographic target of 60% North America, 25% Europe, 15% Emerging Markets may change should opportunities dictate.
<b>Industry Focus</b>	Stressed and distressed assets in the credit markets across industries and company size.
<b>Expected Portfolio Construction</b>	Expected 30-50 investments invested in distressed for control and stressed trading positions. Average hold of 3-5 years.

#### **Commitment:**

On April 22, 2019 staff subscribed to GoldenTree Distressed Fund III for \$50 million dollars.

**On July 6, 2020 staff subscribed to GoldenTree Distressed Co-Investment Fund III for \$50 million dollars.**

Firm Overview		Fund Overview	
<b>Fund Name</b>	GoldenTree Distressed Co-Investment Fund III, LP	<b>Law / Jurisdiction</b>	Cayman Islands
<b>General Partner</b>	GoldenTree Distressed Co Investment Fund III GP LLC	<b>GP Commitment</b>	1%
<b>Ownership</b>	Employee owned	<b>Preferred Return</b>	8%
<b>Year Founded</b>	2000	<b>Carried Interest</b>	13.5%
<b>Assets Under Mgmt.</b>	\$29 billion	<b>Management Fee</b>	0.50%
<b>Headquarters</b>	New York, NY	<b>Waterfall Type</b>	European
<b>Number of Offices</b>	7	<b>Investment Period</b>	3 Years
<b>No. of total staff/ investment staff/ team</b>	245 / 52 / 6	<b>Fund Term</b>	5 Years
<b>Number of Partners</b>	27	<b>Leverage</b>	None
<b>Placement Agent</b>	N/A	<b>Fund Size Target</b>	\$500 million
<b>Auditors</b>	PricewaterhouseCoopers	<b>Vintage Year</b>	2020
<b>Legal Counsel</b>	Schulte Roth & Zabel LLP	<b>LPAC Membership</b>	Yes, Observer

#### Executive Management Profiles

##### **Steven Tananbaum, Founding Partner & CIO (20 years with GoldenTree / 26 years industry experience)**

Head of High Yield – Mackay Shields  
Vassar College (B.A.)

##### **Pierre De Chillaz, Partner (13 years with GoldenTree / 16 years industry experience)**

Investment Banking – Bank America Securities  
Brandeis University (M.S.); Paris Dauphine University (B.A.)

##### **Patrick Dyson, Partner (8 years with GoldenTree / 18 years industry experience)**

Managing Director & Portfolio Manager – UBS O'Connor  
William and Mary School of Law (J.D.); Middlebury College (B.A.)

##### **Ted Lodge, Partner (12 years with GoldenTree / 35 years industry experience)**

Chairman of the Board/President, several restructurings and turnarounds of business in multiple industries  
University of Pennsylvania (J.D.); London School of Economics (M.S.); Brown University (A.B.)

## Investment Terms

**Capital Call or Drawdown:** when the general partner's investment team is ready to purchase an asset, they will issue a capital call or drawdown for a portion or all of the cash promised by the investing limited partner.

**Carried Interest:** A share of the profits of an investment fund that is paid to the GP, generally for performance above a prespecified minimum return hurdle.

### Investment Strategies (lowest to highest risk)

**Core:** lower leverage levels, higher quality investments, and lower return expectations.

**Core Plus:** similar to core but takes on investments that are slightly riskier making the return expectations higher as well.

**Value Add:** investments in moderately distressed assets with an overall higher leverage that has higher return expectations to match the added risk of the portfolio.

**Opportunistic:** the riskiest investments due to higher leverage and/or lower level quality of investments (mainly distressed assets or assets that need substantial development) but with the highest return expectations to match the more significant risk.

**LPAC Membership:** The Limited Partnership Agreement Committee (LPAC) membership is occasionally available as a term of agreement. Being on the LPAC gives BOI a chance to voice concerns more directly and make decisions in conjunction with other LPAC members during unexpected events including the loss of key investment team members, extending the investing or exiting time frame, etc.

**Preferred Return:** the threshold return that the limited partners of a private equity fund must receive, prior to the managing firm receiving its carried interest.

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**Waterfall Type:** The waterfall type describes how a private equity fund will make distributions to its limited and general partners.

**European Waterfall:** First, all drawdown capital is repaid to the limited partners (i.e. cash that was called for realized and unrealized investments, management fees, and other expenses of the fund). Next, the limited partners are paid a preferred return on all called capital. Only then does the manager of the fund get a chance to share in the remaining proceeds.

**Deal-by-Deal Waterfall:** Generally, when a private equity manager can take part in the share of profits as soon as they have returned the drawn down capital and paid a preferred return on the fund's individually realized investments. This ignores unrealized investments and may also ignore management fees, and other miscellaneous expenses making it friendlier towards the general partner.

**Placement Agent:** A third-party group that assists the general partner in fundraising for a new or existing fund



## PRIVATE INVESTMENTS DUE DILIGENCE BRIEF

### Private Equity Asset Class

August 19, 2020

### OCP Asia Fund IV (US), L.P.

<b>Investment Strategy</b>	Direct Lending
<b>Strategy Description</b>	Senior secured direct lending primarily to family-owned businesses and small to medium size enterprises throughout the Asia Pacific region.
<b>Target Investment Size</b>	Invested capital between \$10 million and \$50 million.
<b>Geographic Preference</b>	Asia Pacific
<b>Industry Focus</b>	Sector agnostic
<b>Expected Portfolio Construction</b>	Expect 25 to 35 loans with a range of \$10 to \$50 million over a five-year period. 50% single country limit, 40% single sector limit, and 15% single loan limit.

#### **Commitment:**

On July 29, 2016 staff subscribed to Orchard Landmark II for \$30 million dollars. (13.2% IRR\*)

On March 21, 2018 staff subscribed to OCP Asia Fund III for \$75 million dollars. (8.1% IRR\*)

**On June 24, 2020 staff subscribed to OCP Asia Fund IV for \$50 million dollars.**

\* IRR as of 6/30/20 net of fees to MBOI; State Street.

Firm Overview		Fund Overview	
<b>Firm Name</b>	OCP Asia Limited	<b>Law / Jurisdiction</b>	Cayman Islands
<b>General Partner</b>	OCP Asia Fund IV Limited	<b>GP Commitment</b>	3%
<b>Ownership</b>	100% employee owned	<b>Preferred Return</b>	8%
<b>Year Founded</b>	2009	<b>Carried Interest</b>	20%
<b>Assets Under Mgmt.</b>	\$2.3 billion	<b>Management Fee</b>	1% committed / 2% drawn
<b>Headquarters</b>	Hong Kong	<b>Waterfall Type</b>	European
<b>Number of Offices</b>	2	<b>Investment Period (IP)</b>	5 Years
<b>No. of total staff/ investment staff/ team</b>	28 / 18 / 18	<b>Fund Term</b>	7 Years
<b>Number of Partners</b>	3	<b>Leverage</b>	Limited to 1.15x
<b>Placement Agent</b>	N/A	<b>Fund Size Target</b>	\$500 million
<b>Auditors</b>	Ernst & Young, Ltd.	<b>Vintage Year</b>	2020
<b>Legal Counsel</b>	Kirkland & Ellis	<b>LPAC Membership</b>	Yes

### Executive Management Profiles

#### **Stuart Wilson, Founding Partner (11 years with OCP Asia / 27 years industry experience)**

Principal & Senior Portfolio Manager, Asia Pacific – Stark Investments  
University of Chicago (M.B.A.); Yale University (B.A.)

#### **Teall Edds, Founding Partner (11 years with OCP Asia / 29 years industry experience)**

Principal & Senior Portfolio Manager, Asia Pacific – Stark Investments  
Denison University (B.A.)

#### **Dan Simmons, Partner (11 years with OCP Asia / 18 years industry experience)**

Structuring & Origination Private Credit – Stark Investments  
University of Technology, Sydney (B.A.)

## Investment Terms

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**Placement Agent:** A third-party group that assists the general partner in fundraising for a new or existing fund

# MONTANA BOARD OF INVESTMENTS

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**To:** Members of the Board  
**From:** John Romasko, Director of Fixed Income  
Kirsten Haswell, Investment Analyst  
**Date:** August 19, 2020  
**Subject:** Proposed Changes to STIP Investment Policy  
Proposed NEW Investment Policy for DNRC

## Short Term Investment Pool – Proposed IPS Change

Important changes:

- Section 10b (page 6): Clarifying that when a federal agency of the United States does not have an NRSRO rating, we use the rating of the United States Government for any holding in our portfolio.
- Schedule I- A (pages 8 and 9): Addition of an FDIC insured deposit account to the permitted investments for STIP, and an exposure limit.

## Department of Natural Resources and Conservation

We have a new separate account for Department of Natural Resources and Conservation. The proposed IPS follows this memo.

The Invasive Species Trust Fund was created by the Montana Legislature in 2015 and codified in Section 80-7-1016, MCA. The Fund may receive donations, bequests etc. and currently has a STIP only balance of just under \$2 million. Deposits in the fund may not be appropriated until the balance reaches \$100 million. Earnings will go to an account managed by the Department of Fish Wildlife and Parks to fund projects related to aquatic invasive species.

We expect the Fund to be long-term and a large allocation to TFIP is appropriate.

**Schedule I-AH**  
**Investment Objectives and Guidelines**  
**Invasive Species Trust Fund**

**Proposed Date of Schedule: August 19, 2020**

*This schedule is effective upon adoption by the Board and supersedes all previous Investment Objectives and Guidelines for this specific portfolio.*

**Introduction:**

The purpose of the investment objectives and guidelines is to provide a framework for the Invasive Species Trust Fund account under the guidance of the Board.

The Invasive Species Trust Fund was established under Section 80-7-1016, MCA, as a non-expendable trust to provide funds to the Invasive Species Account. The Invasive Species Account funds projects that prevent or control any nonnative, aquatic invasive species. Deposits to the principal of the trust may include but are not limited to grants, transfers, bequests or donations from any source. Deposits in the fund may not be appropriated until the balance reaches \$100 million. Earnings will go to an account managed by the Department of Fish Wildlife and Parks to fund projects related to aquatic invasive species.

**Statement of Purpose:**

The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Invasive Species Trust Fund account; and
2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

**Investment Objective:**

Strategic:

The objective of the Invasive Species Trust Fund portfolio is to attain above benchmark total return within the parameters of the Investment Guidelines set forth below with an emphasis on investment income and preservation of principal.

Performance:

Success in achieving this objective will be measured by comparing the risk and return of the account to the **Trust Funds Investment Pool benchmark and the Short-Term Investment Pool benchmark**, each weighted proportionately to the portfolio's holdings, over a five-year moving average.

Time Horizon:

Invasive Species Trust Fund is a permanent account. The Board expects to meet or exceed all objectives over a long-term investment horizon. Over shorter periods, the anticipated market volatility and specific actions, including risk mitigation efforts of the Board may lead to unfavorable, but expected, deviation from these objectives.

**Investment Guidelines:**

The Board will have full discretion to manage the Invasive Species Trust Fund portfolio consistent with the investment guidelines stated below. Compliance with the following guidelines for permitted investments and other restrictions is the sole responsibility of the Staff. Any violations are to be reported to the Board at the next scheduled quarterly Board meeting.

**Permitted Investments:**

Invasive Species Trust Fund may only invest in the following:

1. Trust Funds Investment Pool (TFIP)
2. Short-Term Investment Pool (STIP) or any cash vehicle at the Custodial Bank

**Other Restrictions:**

1. A maximum of 99% of the market value of the portfolio will be invested in the TFIP.

If at any time, due to market fluctuations or any other circumstances, any of the guidelines are not maintained, Staff will use its best efforts to conform to these limits in a timely manner, while considering current market conditions and the associated costs of rebalancing. At the Board's next regularly scheduled quarterly meeting, the CIO shall inform the Board of any cases that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

# SHORT-TERM INVESTMENT POOL (STIP) INVESTMENT POLICY

Approved ~~April 3, 2018~~February 11, 2020  
Proposed ~~February 11~~August 19, 2020

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## **1. Introduction**

*This policy is effective upon adoption and supersedes all previous Investment Policies related to the investment management of the Short-Term Investment Pool (STIP).*

STIP is an investment program managed and administered under the direction of the Montana Board of Investments (MBOI) as authorized by the Unified Investment Program. STIP invests the operating funds of the State of Montana, participating local government entity funds, and the liquidity requirements of the various pension and trust funds managed by MBOI.

STIP is a commingled pool for investment purposes. The use of a commingled pool allows for simplified investing and accounting, as well as broader investment diversification, and it provides opportunities for fee savings.

## **2. Purpose**

The purpose of this policy statement is to provide a strategic framework for the STIP investments under the guidance of the Board of Investments.

## **3. Legal and Constitutional Authority**

The Montana Constitution, Article VIII, Section 13, requires that the Legislature provide for a Unified Investment Program for public funds. Section 17-6-201, MCA, established the Unified Investment Program, created the Montana Board of Investments (the “Board”) and gave the Board sole authority to invest state funds, including the Short-Term Investment Pool (STIP) in accordance with state law and the state constitution.

The Unified Investment program for public funds must be administered by the Board of Investments in accordance with the “prudent expert principle,” defined as:

- 1) discharging its duties with the care, skill, prudence, and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity with the same resources and familiar with like matters exercises in the conduct of an enterprise of like character with like aims;
- 2) diversifying the holdings of each fund to minimize the risk of loss and maximize the rate of return, unless under the circumstances it is clearly prudent not to do so; and
- 3) discharging its duties solely in the interest of and for the beneficiaries of the funds managed.

The Board created the Short-Term Investment Pool (STIP) to allow qualifying funds, per sections 17-6-201, 202, and 204, MCA, to participate in a diversified pool. Although state agencies with accounts that retain their interest earnings are legally required to invest in STIP, local governments may voluntarily participate in the STIP.

The Board, as the investment fiduciary, is responsible for establishing the investment parameters for the STIP.

STIP is not registered with the Securities and Exchange Commission (SEC) as an investment company and therefore is not required to abide by the SEC’s rule 2a7 of the Investment Company Act of 1940.



STIP has a defined set of investment objectives and investment guidelines, including permitted investments, which are detailed in this policy statement.

#### **4. Financial Reporting**

The STIP financial statements are included in the Board's Consolidated Unified Investment Program financial statements, which are audited by the Montana Legislative Auditor.

On October 6, 2015, the Board approved, that for financial reporting purposes the STIP portfolio will be reported on a Net Asset Value basis versus amortized cost.

#### **5. Strategic Investment Objectives**

The Board's objective for STIP is to achieve a high level of investment income that is compatible with the preservation of principal, providing STIP participants with liquidity with one-day notification, and the prudent investment practices of the Board.

No Guaranteed Return – There is no minimum or maximum amount of interest rate or any guaranteed rate of return on STIP shares or funds invested in STIP shares.

No Warranty – The Board makes no warranty that funds will be immediately available in the event of any failure of a third party or that STIP participants will not suffer losses due to acts of God, or other calamities, or other market dislocations or interruptions.

STIP Not Insured Against Loss – STIP is NOT FDIC insured or otherwise insured or guaranteed by the federal government, the State of Montana, the Board or any other entity against investment losses.

Reserve fund – This Policy requires maintenance of a reserve fund to offset possible losses. STIP interest earnings may be used to fund this reserve before the net earnings are distributed to the STIP Participants. However, the reserves may not be adequate to cover investment losses.

#### **6. Reserve**

The STIP will maintain a reserve account. The reserve will be available to offset realized gains or losses. Additionally, the reserve will be available to offset unrealized gains or losses, or to limit fluctuations in the net asset value (NAV), to the extent deemed prudent by Staff.

A deduction from earnings will occur while the amount of the reserve is below 1.15% of the NAV.

The level of deduction will be calculated based on the deemed best balance between participants' need for current earnings and the increase in safety from building the reserve. When the reserve is between 0.50% and 1.15% of the NAV the deduction from earnings will be an amount, including recoveries, sufficient to reach the target within 3 years. Should the reserve fall below 0.50% of the NAV, staff will evaluate the amount of deduction appropriate to return the reserve to 0.50% and make recommendations to that effect to the Board.

Any use of the reserve will be reported to the Board.

## 7. Time Horizon

The STIP investment portfolio shall be managed with the goal of attaining its objectives throughout market and economic cycles, after giving prudent consideration to the investment risk constraints (described as part of the Investment Guidelines in Appendix I) and the liquidity needs of the participants.

The Board expects to meet or exceed these objectives over a long-term investment horizon. Over shorter periods, the anticipated market volatility and specific actions, including risk mitigation efforts of the Board, may lead to unfavorable, but expected, deviation from these objectives.

## 8. Performance Measurement

Investment performance is measured by two integrated long-term return objectives:

- 1) The ***investment policy benchmark***. The investment policy benchmark represents the return that would be achieved if the Pool implemented a passively managed portfolio. Deviations from the policy benchmark measure the contribution of active investment management throughout the fund and investment implementation generally.
- 2) The Board also compares STIP's total performance, before all fees, to appropriate ***peer universes***. While the Board seeks to rank favorably compared to peers, the Board recognizes that other short-term investment funds may have investment objectives and risk tolerances that differ substantially from STIP.

## 9. Roles and Responsibilities

**Board of Investments** – The Board is responsible for approving the STIP Investment Policy Statement and has the authority to manage STIP as it considers prudent, and subject to such limitations as contained in law and the Constitution. The Board reviews this document periodically and, as needed, approves any changes to the policy.

As described in the Board of Investments Governance Manual, the Board delegates authority to the Executive Director, Chief Investment Officer, and other Staff to execute the day to day duties required to carry out the Board's mission.

**Executive Director** – The Executive Director is empowered by the Board to sign any and all documents required to conduct Board business, unless there are specific written policies or instructions from the Board to the contrary. The Executive Director is responsible for the oversight of the STIP investment program and the establishment of the STIP financial reporting procedures and the collection and reporting of all income.

**Chief Investment Officer** – The Chief Investment Officer (CIO) is empowered by the Board to serve as the principal staff person responsible for overseeing the investment activities under the Board's jurisdiction in compliance with the Board's policies. The CIO, with the support of other staff, is responsible for recommending investment policy changes for Board approval.

**Investment Staff** – The investment staff is responsible for, but not limited to, the following:

- Managing day-to-day STIP investment operations;

- Investing STIP assets and monitoring compliance in accordance with this Policy;
- Reporting to the Board the STIP investment results and investment characteristics at the Quarterly Board meetings; and
- Reporting any deviations from this Investment Policy to the Board.

**Investment Consultant** – The investment consultant assists the CIO and Staff with policy recommendations and provides advice to the Board. The investment consultant shall provide assistance to Staff as requested in conjunction with the management of the STIP.

## 10. Risk Management

Short-term investments held within STIP are exposed to a number of risks. The objective will be to mitigate the inherent risks associated with these securities, primarily liquidity risk, credit risk and interest rate risk.

### a) Liquidity Risk

Based on the percentage of STIP Units Value usually necessary to meet the daily distribution requests of STIP participants, the liquidity needs for the STIP are generally low. However, illiquidity risk still needs to be monitored and managed by staff on a regular basis to ensure that assets are not required to be sold too quickly, or at an unfavorable time, and potentially at a discount to fair value to meet the cash needs of STIP participants.

In order to improve liquidity and manage both the expected and unexpected STIP participants' need for cash, the STIP Investment Objectives and Guidelines (Appendix I) require certain percentages of the STIP Units Value to either be invested in cash, direct obligations of the U.S. government, or in securities that will have an effective maturity for specifically defined short periods or time (daily and weekly).

### b) Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation in making full and timely principal and interest payments. The STIP will utilize credit ratings, issued by at least two of the nationally recognized statistical rating organizations (NRSRO), to assist in the monitoring and management of credit risk. Securities of federal agencies without their own NRSRO rating will use the ratings of the United States government.

**Approved List** – Purchases of securities other than U.S. government or U.S. Agency obligations are restricted to those which are pre-approved. The approved list shall be maintained by Staff with issuers added or removed from time to time depending on an analysis of their risk characteristics and suitability for use in the portfolio. At least two investment staff must approve names on the list. One of the investment staff should be part of the internally managed fixed income team and the other person from the Risk Management team. Issuers on the list shall be reviewed at least semi-annually for continued inclusion on the approved list.

The STIP will minimize credit risk by means of the following:

1. Limiting Permissible investments to securities on the “Approved List”;
2. Pre-qualifying the financial institutions, broker/dealers, intermediaries and advisers with whom the STIP will conduct business;
3. Diversifying the investment portfolio so that potential losses on individual securities will be minimized; and
4. The STIP will maintain a reserve account.

c) Interest Rate Risk

The STIP portfolio will minimize the risk that the market value of the securities will deviate significantly from cost due to changes in the general level of interest rate by means of the following:

1. Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations thereby normally avoiding the need to sell securities on the open market prior to maturity;
2. Maintaining a dollar-weighted average portfolio maturity of 60 days or less (for this purpose, the date to the next coupon reset date will be used for all floating or variable rate securities); and
3. The STIP will maintain a reserve account.

## **11. Securities Lending**

Section 17-1-113, MCA, authorizes the Board to lend securities held by the state. The Board may lend its publicly traded securities held in the investment pools, through an agent, to other market participants in return for compensation. Currently, through an explicit contract, State Street Bank and Trust, the state's custodial bank, manages the state's securities lending program. The Board seeks to assess counterparty and reinvestment risk, associated with each aspect of its securities lending program. The Board requires borrowers to maintain collateral at 102 percent for domestic securities and 105 percent for international securities. To ensure that the collateral ratio is maintained, securities on loan are marked to market daily and the borrower must provide additional collateral if the value of the collateral falls below the agreed-upon ratio of over- collateralization. In addition to the strict collateral requirements imposed by the Board, the credit quality of approved borrowers is monitored continuously by the contractor. From time to time, Staff or the investment manager may restrict a security from the loan program upon notification to State Street Bank. Staff will monitor the securities lending program, and the CIO will periodically report to the Board on the status of the program. The Board's participation in securities lending may change over time given Plan activity, market conditions and the agent agreement.

STIP assets are currently not available for securities lending.

## **12. Investment Policy Review**

The Board intends to keep this Policy updated as it modifies or amends the underlying contents. As stated in the Governance Policy, “the Board shall review this Investment Policy at least annually or more frequently at the request of Board staff. Statements may only be revised in a public meeting. All Statements shall be posted on the Board's web site for review by the public.”

## **Appendix I: Investment Objectives and Guidelines**

### **Schedule I-A: Investment Objectives and Guidelines Short Term Investment Pool (STIP)**

**Effective Date of Schedule: April, 2, 2019**

*This Schedule is effective upon adoption by the Board of Investments and supersedes all previous Investment Objectives and Guidelines for the STIP.*

#### **1. Statement of Purpose:**

The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Pool; and
2. Provide diversified exposure to Cash Equivalent and Short-Term Fixed Income Investments in a prudent and cost-effective manner.

#### **2. Investment Objective:**

##### Strategic:

The objective of the STIP is to attain the highest possible total return within the parameters of the Investment Guidelines set forth below.

##### Performance:

Success in achieving this objective will be measured by comparing the risk and the net of expenses return of STIP to **the Federal Reserve US Treasury Constant Maturity 1 Month Index** (the "Benchmark"). Performance results will be monitored and evaluated quarterly. However, the success in achieving the objective will be measured on a three-year, five-year, and ten-year annualized basis.

#### **3. Investment Guidelines:**

The Montana Board Investment Staff will have full discretion to manage STIP consistent with the investment guidelines stated below. Compliance with the following guidelines for permitted investments and other restrictions is the sole responsibility of the Staff. Any exceptions or compliance violations are to be reported to the Board of Investments at the next scheduled quarterly Board meeting.

##### Permitted Investments:

Purchases of securities other than U.S. government or U.S. Agency obligations are restricted to those which are pre-approved and part of an "Approved List." STIP may invest only in the following securities and investment vehicles:

1. U.S. Treasury or U.S. dollar denominated securities fully guaranteed by the U.S. Government;
2. U.S. Government Agency securities denominated in U.S. dollars;

3. Publicly traded U.S. dollar denominated corporate bonds, notes, and medium term notes (MTNs);
4. U.S. dollar denominated Commercial Paper (CP);
5. U.S. dollar denominated Bankers' Acceptance (BA);
6. U.S. dollar denominated Certificates of Deposits (CD);
7. U.S. dollar denominated Asset-Backed Commercial Paper (ABCP);
8. Repurchase or Reverse Repurchase Agreements with an approved primary dealer or the custodial bank, and under the terms of a written master repurchase agreement;
9. Investments required to implement the bond credit enhancement authorized by Resolution 219;
10. SEC registered 2a-7 Institutional Money Market Funds that are considered "U.S. Treasury" or "U.S. Government" money market mutual funds according to the SEC regulations; ~~and~~
11. Short term investment vehicle available through the custodial bank;
- ~~12.~~ Variable rate securities based on an index that is approved by the Chief Investment Officer and purchased and monitored by Staff; ~~and-~~
- ~~12.~~ 13. FDIC insured deposit accounts.

## Restrictions

### Concentration restrictions (Concentration restrictions are at the time of purchase)

1. A maximum of 40% of the STIP Units Value shall be held ABCP ;
2. A maximum of 10% of the STIP Units Value shall be held in Repurchase Agreements;
3. A maximum of 15% of the STIP Units Value shall be held in permitted SEC registered 2a-7 Institutional Money Market Funds;
4. A maximum of 10% of the STIP Units Value shall be pledged to secure Reverse Repurchase Agreements. Transactions will be used only to secure borrowings for temporary or emergency purposes;
5. A maximum of 25% of the STIP Units Value in the aggregate shall be held in all non-Government Variable Rate securities with maturities greater than 397 days;

### Issuer Restrictions (Issuer restrictions are at the time of purchase)

6. A maximum of 30% of the STIP Units Value shall be held in any single issuer of U.S. Agency securities;
7. A maximum of 3% of the STIP Units Value shall be invested in any one issuer with the exception of U.S. Treasury and U.S. Agency securities as well as any Repurchase Agreements with a financial institution;
8. A maximum of 10% of the STIP Units Value in the aggregate shall be held in any one financial sponsor of ABCP as well as any direct obligations associated with the sponsor. Repurchase agreement obligations of a financial institution shall not be considered in this limit;
9. A maximum of 5% of the STIP Units Value shall be held in any single SEC registered 2a-7 Institutional Money Market Funds or as FDIC insured deposits;
10. A maximum of 5% of the STIP Units Value shall be held in Repurchase Agreements with any single primary dealer or financial institution;

### Rating Restrictions

11. ABCP, CP, BA or CD shall not have a Tier 2 or lower rating at any Nationally Recognized

- Statistical Rating Organization (NRSRO) at the time of purchase;
12. Corporate bonds, notes, or MTNs shall be rated a minimum of the sixth highest rating at any Nationally Recognized Statistical Rating Organization (NRSRO) at the time of purchase;
  13. All securities, with the exception of securities fully guaranteed by the U.S. Government and approved Institutional Money Market Funds, must be rated by at least two Nationally Recognized Statistical Rating Organizations (NRSROs) at the time of purchase.
  13. A maximum of 10% of the STIP Units Value shall be held in ABCP, CP, BA or CD rated with a Tier 2 or lower rating at any Nationally Recognized Statistical Rating Organization (NRSRO) at any time;

#### Liquidity Restrictions

14. A minimum of 10% of the STIP Units Value shall qualify as “daily liquid assets.” For this guideline is it assumed that “daily liquid assets” is defined as cash, direct obligations of the U.S. government, securities that will mature or are subject to a demand feature that is exercisable and payable within one business day, and a permitted SEC registered 2a-7 Institutional Money Market Fund;
15. A minimum of 15% of the STIP Units Value shall qualify as “weekly liquid assets.” For the purpose of this guideline, it is assumed that “weekly liquid assets” is defined as “daily liquid assets” (as defined above), government agency discount notes with remaining maturities of 60 days or less, securities that will mature or are subject to a demand feature that is exercisable and payable within five business days, and a permitted SEC registered 2a-7 Institutional Money Market Fund;
16. A maximum of 10% of the STIP Units Value shall be invested in Permitted Investments that are considered “illiquid.” For the purpose of this guideline, “illiquid” shall be defined as “a security that cannot be sold or disposed of in the ordinary course of business within seven calendar days at approximately the value ascribed to it by STIP.”
17. STIP shall maintain a dollar-weighted average portfolio maturity of 60 days or less (for this purpose, the date to the next coupon reset date will be used for all floating or variable rate securities);
18. ABCP purchases shall be limited to maturities of 90 days or less;
19. The maximum term of any Repurchase Agreement will be 30 days;
20. The maximum term of any Reverse Repurchase Agreement will be 90 days and must be matched to anticipated cash flows adequate to liquidate the transaction;
21. The maximum final maturity of any Permitted Investment shall not exceed 397 days (not including securities used as collateral in Repurchase Agreements or Permitted Investments considered “Variable Rate” securities, which on any reset date can reasonably be expected to have a market value that approximates its amortized cost);
22. A Variable Rate security shall have a maximum maturity of 2 years;

#### Other Restrictions

23. Risk assets will may be purchased only when the estimated aggregate effect of a worst-case scenario spread widening event does not exceed the amount of the STIP Reserve. Risk assets are assets other than Treasuries, Agencies and Government money markets. The estimated worst-case scenario is a calculation equal to the days to maturity dividend by 365 multiplied by 2.0% for securities maturing in less than one year and 3.5% for securities maturing in greater than one year.
24. Acceptable forms of collateral under Repurchase Agreements will consist of U.S. Treasury-

Securities which will be required to be maintained at a market value of 102% of the value of the Repurchase Agreement;

If at any time, due to market fluctuations or any other circumstances, any of the guidelines are not maintained, Staff will use its best efforts to conform to these limits in a timely manner, while taking into account current market conditions and the associated costs. At the Board's next regularly scheduled quarterly meeting, the CIO or Staff shall inform the Board of any cases that the Pool allocations were outside of the limits and either inform the Board of the actions that were taken to return the Pool back within guidelines or a plan to do so.



## **Schedule I-B:**

### **Investment Objectives and Guidelines Short Term Investment Pool (STIP) Reserve**

**Effective Date of Schedule: February 14, 2017**

*This Schedule is effective upon adoption by the Board of Investments and supersedes all previous Investment Objectives and Guidelines for the Reserve.*

#### **1. Statement of Purpose:**

The purpose of these objectives and guidelines is to:

- 1) Establish the investment objectives and performance standards for the STIP Reserve
- 2) Provide exposure to low risk Cash Equivalent and Short-Term Fixed Income Investments in a prudent and cost-effective manner.

#### **2. Investment Objective:**

##### Strategic:

The objective of the Reserve is to attain the highest available total return within the parameters of the Investment Guidelines set forth below.

##### Performance:

Success in achieving this objective will be measured by comparing the risk and the net of expenses return of the Reserve to a **U.S. Treasury Constant Maturity 1 Month Index** (the "Benchmark"). Performance results will be monitored and evaluated quarterly. However, the success in achieving the objective will be measured on a three-year, five-year, and ten-year annualized basis.

#### **3. Investment Guidelines:**

The Montana Board Investment Staff will have full discretion to manage the STIP Reserve consistent with the investment guidelines stated below. Compliance with the following guidelines for permitted investments and other restrictions is the sole responsibility of the Staff. Any exceptions or compliance violations are to be reported to the Board of Investments at the next scheduled quarterly Board meeting.

Permitted Investments:

Purchases of securities other than U.S. government; U.S. Agency obligations or qualifying government money market funds are prohibited.

- 1) U.S. Treasury Securities
- 2) U.S. Government Agency securities issued at a discount
- 3) SEC registered 2a-7 Institutional Money Market Funds that are considered “U.S. Treasury” or “U.S. Government” money market mutual funds according to the SEC regulations

**4. Other Restrictions**

- 1) The maximum final maturity of any Permitted Investment shall not exceed 183 days
- 2) A minimum of 50% of the Reserve shall qualify as “daily liquid assets.” For this guideline it is assumed that “daily liquid assets” is defined as cash, direct obligations of the U.S. government, securities that will mature or are subject to a demand feature that is exercisable and payable within one business day, and a permitted SEC registered 2a-7 Institutional Money Market Fund;

If at any time, due to market fluctuations or any other circumstances, any of the guidelines are not maintained, Staff will use its best efforts to conform to these limits in a timely manner, while taking into account current market conditions and the associated costs. At the Board’s next regularly scheduled quarterly meeting, the CIO or Staff shall inform the Board of any cases that the Pool allocations were outside of the limits and either inform the Board of the actions that were taken to return the Pool back within guidelines or a plan to do so.

## Appendix II: Definitions

### DEFINITIONS

**1. Asset-Backed Security** – Bonds or notes backed by loan paper or accounts receivable originated by banks, credit card companies, or other providers of credit; not mortgages.

**2. Banker's Acceptance** – A short-term credit investment which is created by a non-financial firm and whose payment is guaranteed by a bank. Often used in importing and exporting, and as a discount money market fund investment.

**3. Certificate of Deposit (CD)** – A short-or medium-term, interest-bearing deposit obligation offered by banks and savings and loans. These may include “Yankee CDs” which are CDs issued by foreign banks or their U.S. affiliates in the U.S. which are denominated in U.S. dollars.

**4. Commercial Paper** – An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory. Maturities typically range from 2 to 270 days. Commercial paper is available in a wide range of denominations, can be either discounted or interest-bearing, and usually have a limited or nonexistent secondary market. Commercial paper is usually issued by companies with high credit ratings, meaning that the investment is almost always relatively low risk.

**5. Corporate Note** – A type of unsecured debt issued by a corporation that may be longer-term than Commercial Paper, but shorter-term than a typical Corporate Bond.

**6. Repurchase Agreement** – A contract in which the seller of securities, such as Treasury Bills, agrees to buy them back at a specified time and price. May also be called “Repo” or “Buyback.” Typically used a short-term form of collateralized borrowing by a bank or securities dealer.

**7. Reverse Repurchase Agreement** – A purchase of securities with an agreement to resell them at a higher price at a specific future date. The investor essentially borrows money and allows its securities to be held as collateral. Reverse Repurchase Agreements occur most often in government securities or other securities that are highly valued and thus considered a good form of collateral.

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# Investment Update

Board Meeting: August 18-19, 2020

Information as of June 30, 2020



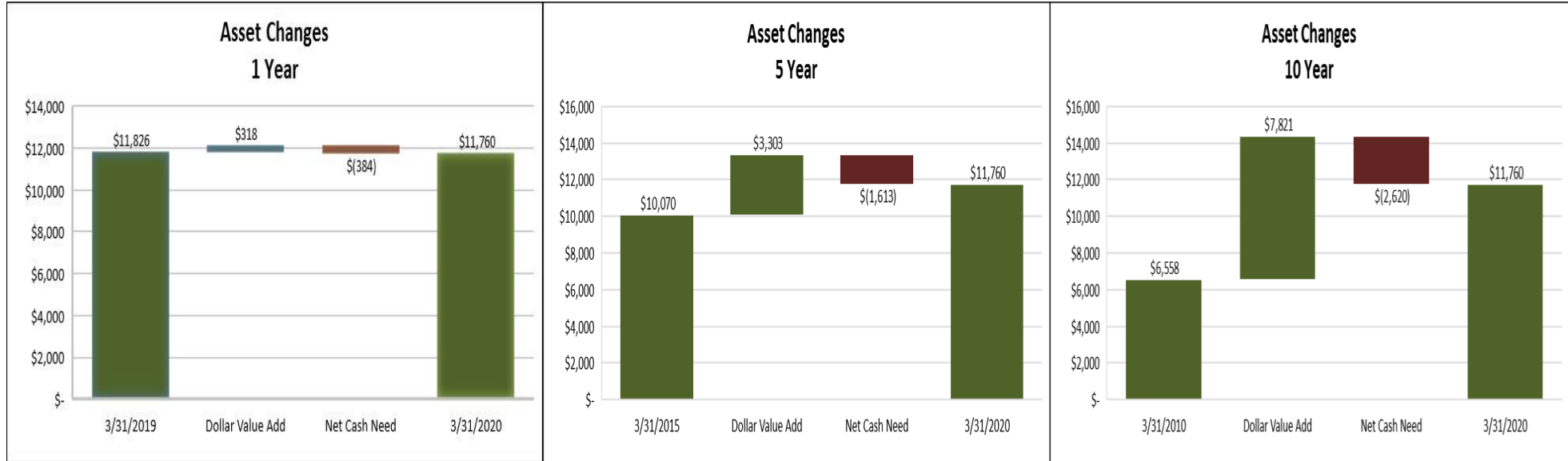
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## CIO Update - Retirement Plans Performance



\* Dollar values are in \$1,000,000

- Dollar Value Added – The total dollar return of the portfolio including income and capital gains.
- Net Cash Need - The total dollar amount distributed from portfolio assets to meet the deficit of contributions minus distributions.
  - A red bar indicates an aggregate net outflow by all plans even though some plans may have experienced net inflows.
  - Though aggregates are shown, each plan is independent and not able to rely on other plans to meet their respective liabilities.

## CIO Update – Retirement Plans Performance

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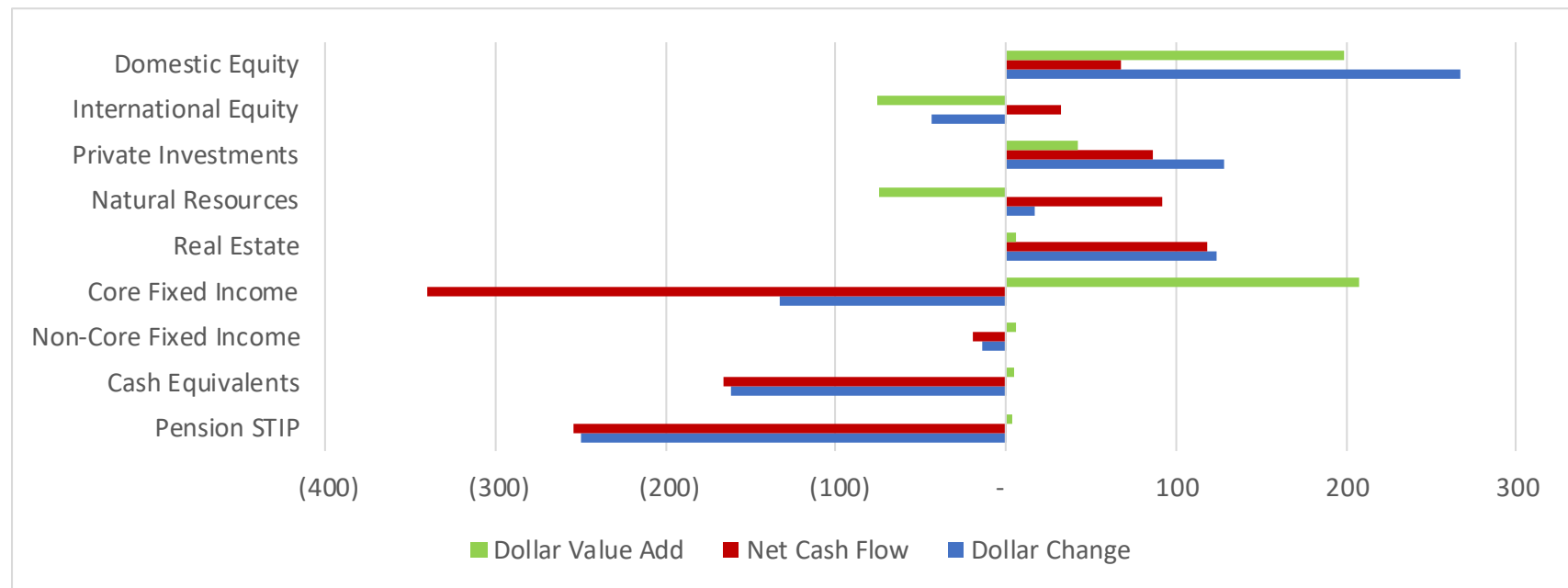
	6/30/2020 (NAV)	6/30/2019 (NAV)	Dollar Change	Net Cash Flow	Dollar Value Add
<b>Domestic Equity</b>	3,679.06	3,412.46	266.60	67.75	198.85
<b>International Equity</b>	1,995.28	2,039.19	(43.91)	31.98	(75.89)
<b>Private Investments</b>	1,542.14	1,413.49	128.65	86.25	42.40
<b>Natural Resources</b>	361.46	344.27	17.19	91.28	(74.09)
<b>Real Estate</b>	1,010.02	886.43	123.59	118.17	5.42
<b>Core Fixed Income</b>	2,364.87	2,497.59	(132.73)	(340.70)	207.98
<b>Non-Core Fixed Income</b>	516.66	530.51	(13.85)	(19.27)	5.42
<b>Cash Equivalents</b>	188.90	350.13	(161.23)	(165.72)	4.49
<b>Pension STIP</b>	101.53	351.88	(250.35)	(254.00)	3.65
<b>Grand Total</b>	<b>11,759.92</b>	<b>11,825.95</b>	<b>(66.03)</b>	<b>(384.26)</b>	<b>318.22</b>

\* Dollar values are in \$1,000,000



## CIO Update – Retirement Plans Allocation Changes

	6/30/2020 (NAV)	6/30/2019 (NAV)	Dollar Change	Net Cash Flows	Dollar Value Added
Public Employees Retirement	5,836.49	5,891.07	(54.59)	(212.57)	157.98
Teachers Retirement	4,137.66	4,190.96	(53.30)	(165.90)	112.60
Firefighters Retirement	459.34	443.75	15.58	3.34	12.25
Police Officers Retirement	433.58	422.79	10.80	(0.86)	11.66
Sheriffs Retirement	383.46	376.23	7.23	(2.95)	10.18
Game Wardens Retirement	212.57	205.56	7.01	1.43	5.58
Highway Patrol Retirement	151.27	151.49	(0.23)	(4.33)	4.10
Judges Retirement	105.69	104.42	1.27	(1.56)	2.83
Vol Firefighters Retirement	39.86	39.67	0.19	(0.86)	1.05
<b>Grand Total</b>	<b>11,759.92</b>	<b>11,825.95</b>	<b>(66.03)</b>	<b>(384.26)</b>	<b>318.22</b>



\* Dollar values are in \$1,000,000

June 30, 2020

## CIO Update – Retirement Plans Performance

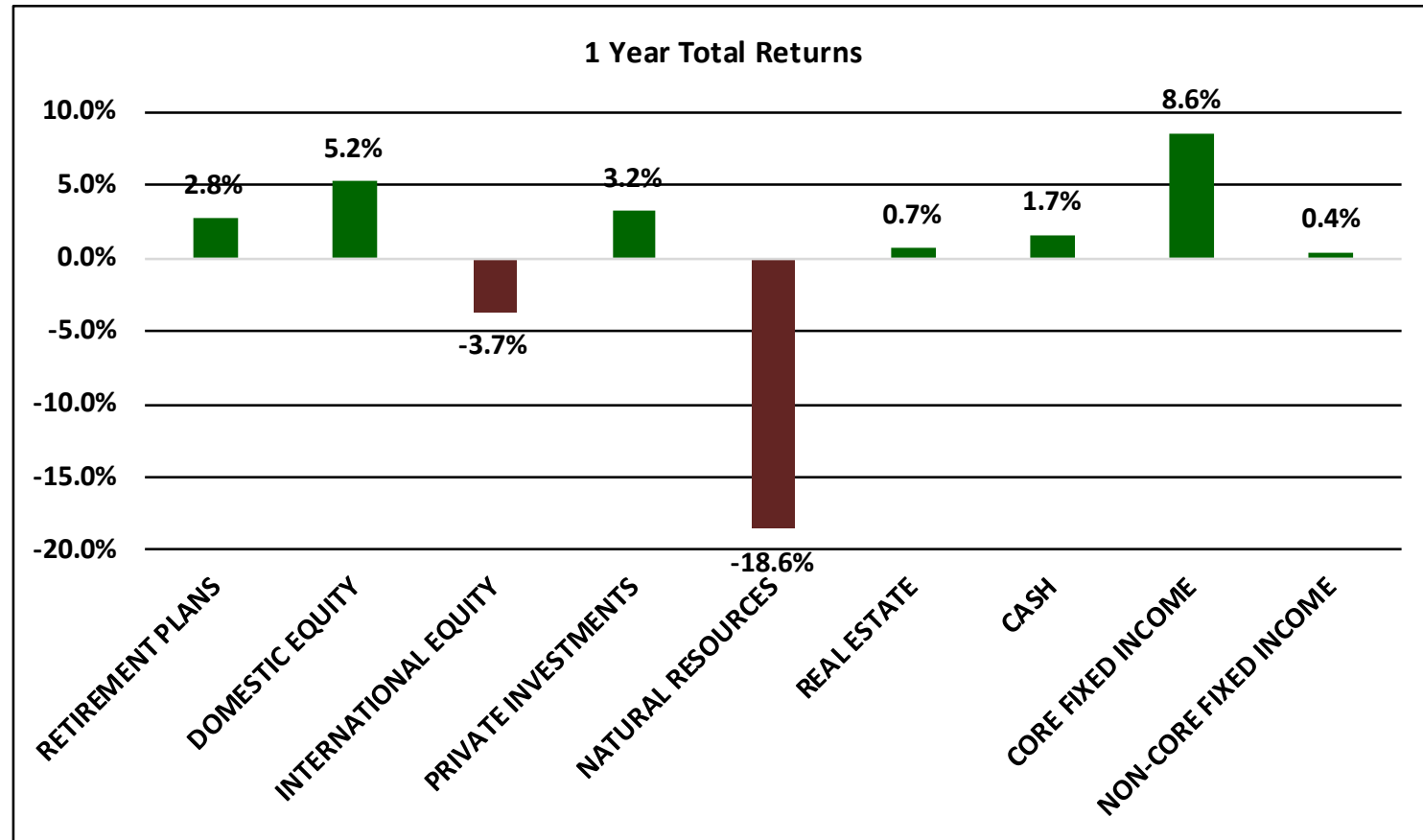
Name	1 Year	3 Year	5 Year	10 Year	20 Year	Since Inception
<b>PUBLIC EMPLOYEES RETIREMENT</b>	2.71%	5.72%	6.19%	8.84%	5.54%	7.47%
<b>TEACHERS RETIREMENT</b>	2.73%	5.72%	6.19%	8.84%	5.54%	7.48%
<b>FIREFIGHTERS RETIREMENT</b>	2.73%	5.73%	6.20%	8.82%	5.53%	7.33%
<b>POLICE OFFICERS RETIREMENT</b>	2.74%	5.73%	6.20%	8.83%	5.53%	7.34%
<b>SHERIFFS RETIREMENT</b>	2.70%	5.72%	6.19%	8.82%	5.55%	7.36%
<b>GAME WARDENS RETIREMENT</b>	2.69%	5.72%	6.19%	8.82%	5.53%	7.37%
<b>HIGHWAY PATROL RETIREMENT</b>	2.72%	5.73%	6.19%	8.84%	5.55%	7.36%
<b>JUDGES RETIREMENT</b>	2.71%	5.73%	6.20%	8.83%	5.55%	7.37%
<b>VOL FIREFIGHTERS RETIREMENT</b>	2.73%	5.73%	6.16%	8.82%	5.99%	7.17%

Inception 7/1/1994

# CIO Update – Asset Class Benchmark Returns

1 YR	5 YR	10 YR	15 YR	20 YR	25 YR	Legend	
BARC US Agg 8.74%	MSCI US IMI 10.11%	MSCI US IMI 13.80%	MSCI US IMI 8.95%	NCREIF ODCE 1 QTR LAG (NET) 7.07%	MSCI US IMI 9.36%		
MSCI US IMI 6.73%	NCREIF ODCE 1 QTR LAG (NET) 7.48%	MSCI USA SMALL CAP 11.61%	BARC US HY 6.85%	BARC US HY 7.06%	NCREIF ODCE 1 QTR LAG (NET) 7.97%	Domestic Equity	Natural Resources
NCREIF ODCE 1 QTR LAG (NET) 3.93%	PERS 6.19%	NCREIF ODCE 1 QTR LAG (NET) 10.42%	NCREIF ODCE 1 QTR LAG (NET) 6.49%	MSCI US IMI 6.22%	PERS 7.13%	International Equity	High Yield
PERS 2.71%	MSCI USA SMALL CAP 5.32%	PERS 8.84%	PERS 6.46%	PERS 5.54%	BARC US HY 6.96%	Private Equity	Broad Fixed Income
FedRes US Tsy 1M Constant Maturity Index 1.26%	BARC US HY 4.79%	BARC US HY 6.67%	MSCI ACWI ex USA IMI 4.61%	BARC US Agg 5.14%	BARC US Agg 5.36%	Real Estate	Cash Equivalents
BARC US HY 0.00%	BARC US Agg 4.30%	MSCI ACWI ex USA IMI 5.11%	BARC US Agg 4.39%	MSCI ACWI ex USA IMI 3.66%	MSCI ACWI ex USA IMI 4.79%		
MSCI ACWI ex USA IMI -4.74%	MSCI ACWI ex USA IMI 2.30%	BARC US Agg 3.82%	MSCI AC World Commodity 1.22%				
MSCI USA SMALL CAP -6.20%	FedRes US Tsy 1M Constant Maturity Index 1.09%	FedRes US Tsy 1M Constant Maturity Index 0.57%					
MSCI AC World Commodity -26.75%	MSCI AC World Commodity -2.89%	MSCI AC World Commodity -1.29%					

## CIO Update – Retirement Plans Asset Class Returns



## CIO Update – Retirement Plans Asset Class Allocation

Asset Class	6/30/2020 (NAV)	% of Total	Mid Point	Deviation from Mid Point	Board Approved Ranges
DOMESTIC EQUITY	\$ 3,679,059,053.00	31.28%	30%	1.28%	24% - 36%
CORE FIXED INCOME	\$ 2,364,868,018.40	20.11%	20%	0.11%	15% - 25%
INTERNATIONAL EQUITY	\$ 1,995,279,458.48	16.97%	16%	0.97%	11% - 21%
PRIVATE INVESTMENTS	\$ 1,542,141,177.29	13.11%	14%	-0.89%	11% - 17%
REAL ESTATE	\$ 1,010,022,044.68	8.59%	9%	-0.41%	5% - 13%
NON-CORE FIXED INCOME	\$ 516,659,610.62	4.39%	5%	-0.61%	3% - 7%
NATURAL RESOURCES	\$ 361,464,033.22	3.07%	4%	-0.93%	1% - 7%
CASH EQUIVALENTS	\$ 290,426,886.57	2.47%	2%	0.47%	0% - 4%
<b>Total</b>	<b>\$ 11,759,920,282.26</b>	<b>100.00%</b>			

# CIO Update – 1<sup>st</sup> Half 2020 Macro Attribution

## Key Takeaways - 1st Half 2020

### **Strategic Asset Allocation** -> *What was the performance of our midpoint weighted benchmark portfolio?*

- \* All equity asset class benchmarks and the Non-Core Fixed Income asset class benchmark added negative contributions to the pension policy-neutral return.
- \* The International Equities asset class benchmark, the MSCI ACWI exUSA IMI, was the largest negative contributor.

### **Tactical Asset Allocation** -> *Did the actual asset class weights add additional return over the midpoint weighted benchmark portfolio?*

- \* On average, we were slightly overweight Core Fixed Income and slightly underweight the private asset classes and Non-Core Fixed Income while being near the midpoint for the remaining asset classes.
- \* About \$250M of equity asset classes were purchased and \$467M of fixed income/cash asset classes were sold during the 1st half of the year (The difference of \$-217M being the pension net cash need)
- \* In aggregate, the overweighted asset classes performed better than the under weighted asset classes and increased the pension portfolio's return by about 25bps

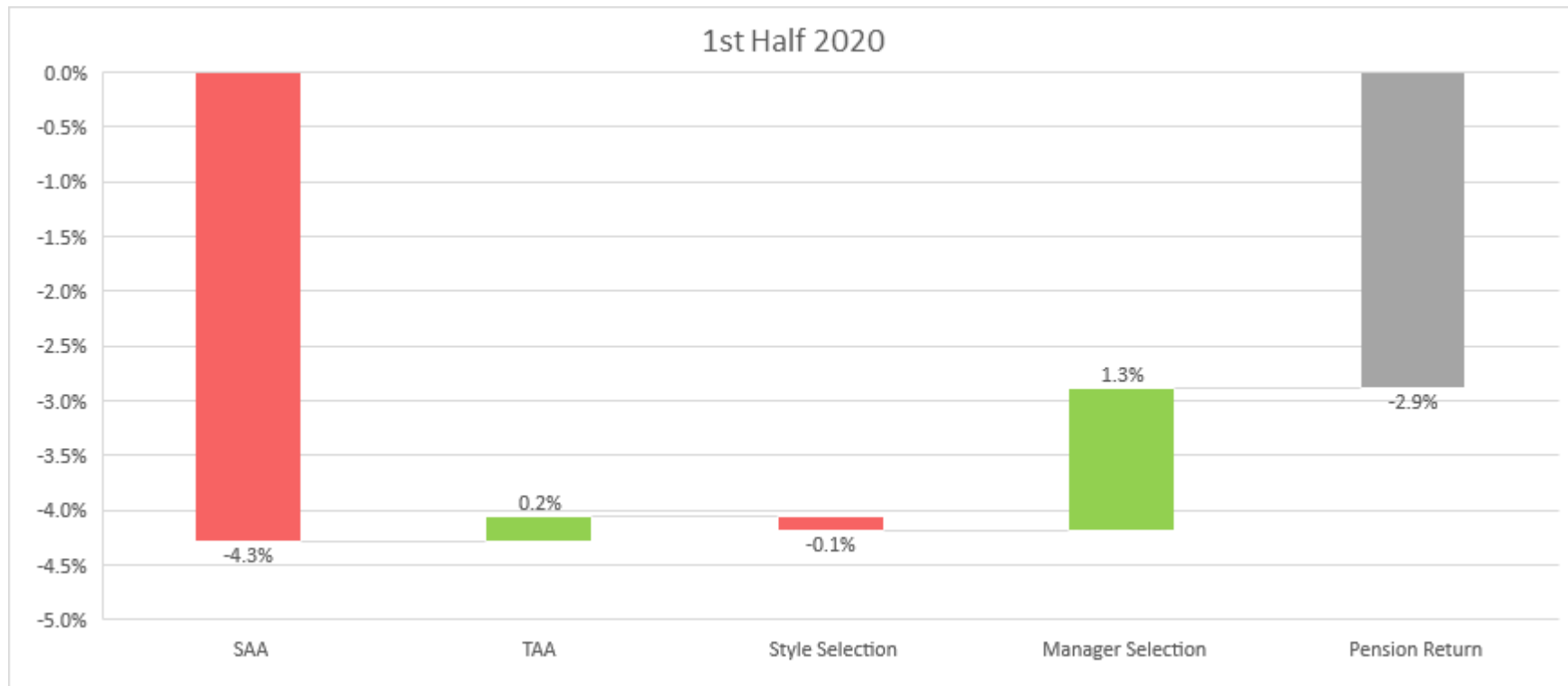
### **Style Selection** -> *Did the portfolio benchmarks add additional return over their asset class benchmarks?*

- \* The small cap bias in Domestic Equity was a contributor to style underperformance in domestics (about -26bps)
- \* Exposure to International growth indices were the leading contributor to international style selection effects (with the total effects equaling about 22bps)

### **Manager Selection** -> *Did the portfolio managers add additional returns over their portfolio benchmarks?*

- \* There were well performing and poor performing managers in International and Domestic Equities that mostly cancelled one another out over the period in terms of effects to the overall pension.
- \* Both Internal Core Fixed Income and External Core Fixed Income added value over their benchmarks and together added about 15 bps to outperformance.
- \* Non-Core Fixed Income managers did not materially contribute to manager selection effects to the overall pension.
- \* Private Assets, Natural Resources, and Real Estate added about 170 bps to manager selection outperformance. The publicly traded benchmarks for these asset classes are an imperfect proxy for actual holdings.

## CIO Update – Macro Attribution



Strategic Asset Allocation (SAA) - The return that would have been achieved if we had invested in our asset class benchmarks at the midpoint weights

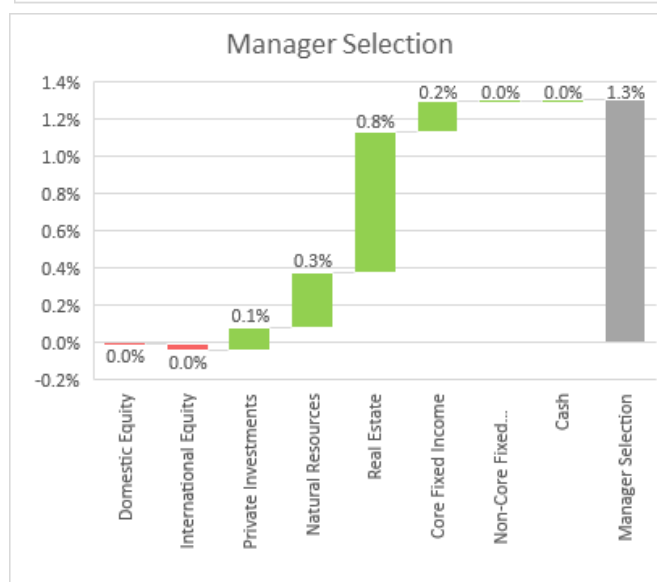
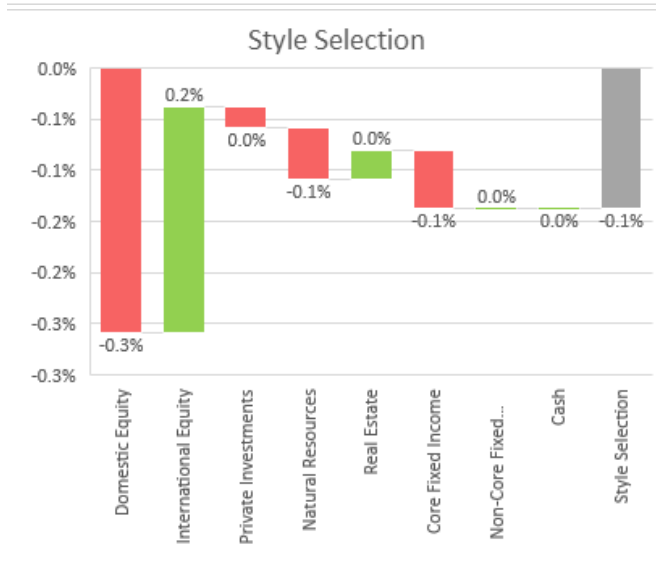
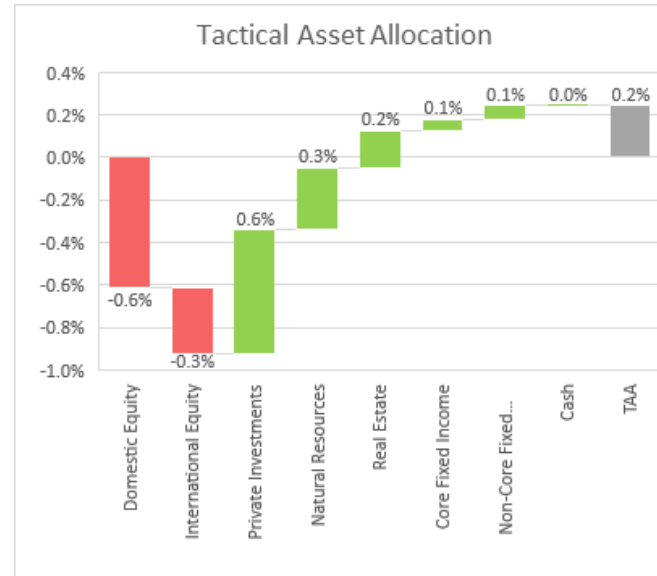
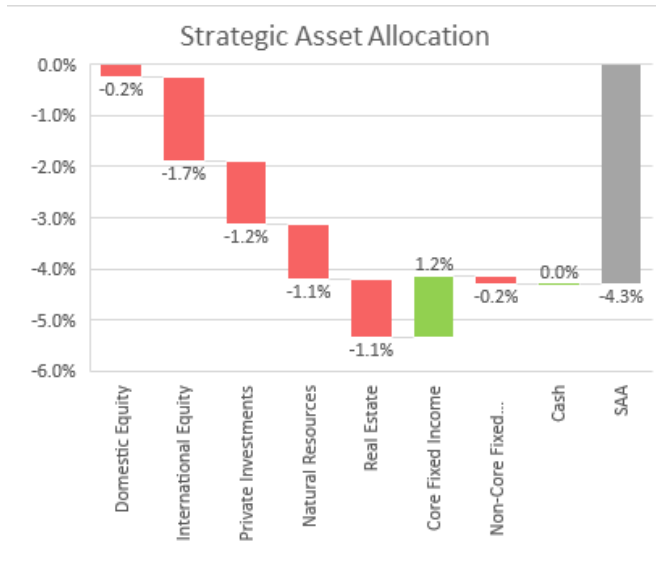
Tactical Asset Allocation (TAA) - The *additional* return earned by investing in the asset class benchmarks at our actual rather than midpoint weights.

Style Selection (SS) - The *additional* return earned by investing in the underlying manager benchmarks rather than the asset class benchmarks.

Manager Selection - The *additional* return earned by investing in the underlying managers rather than the underlying manager benchmarks.

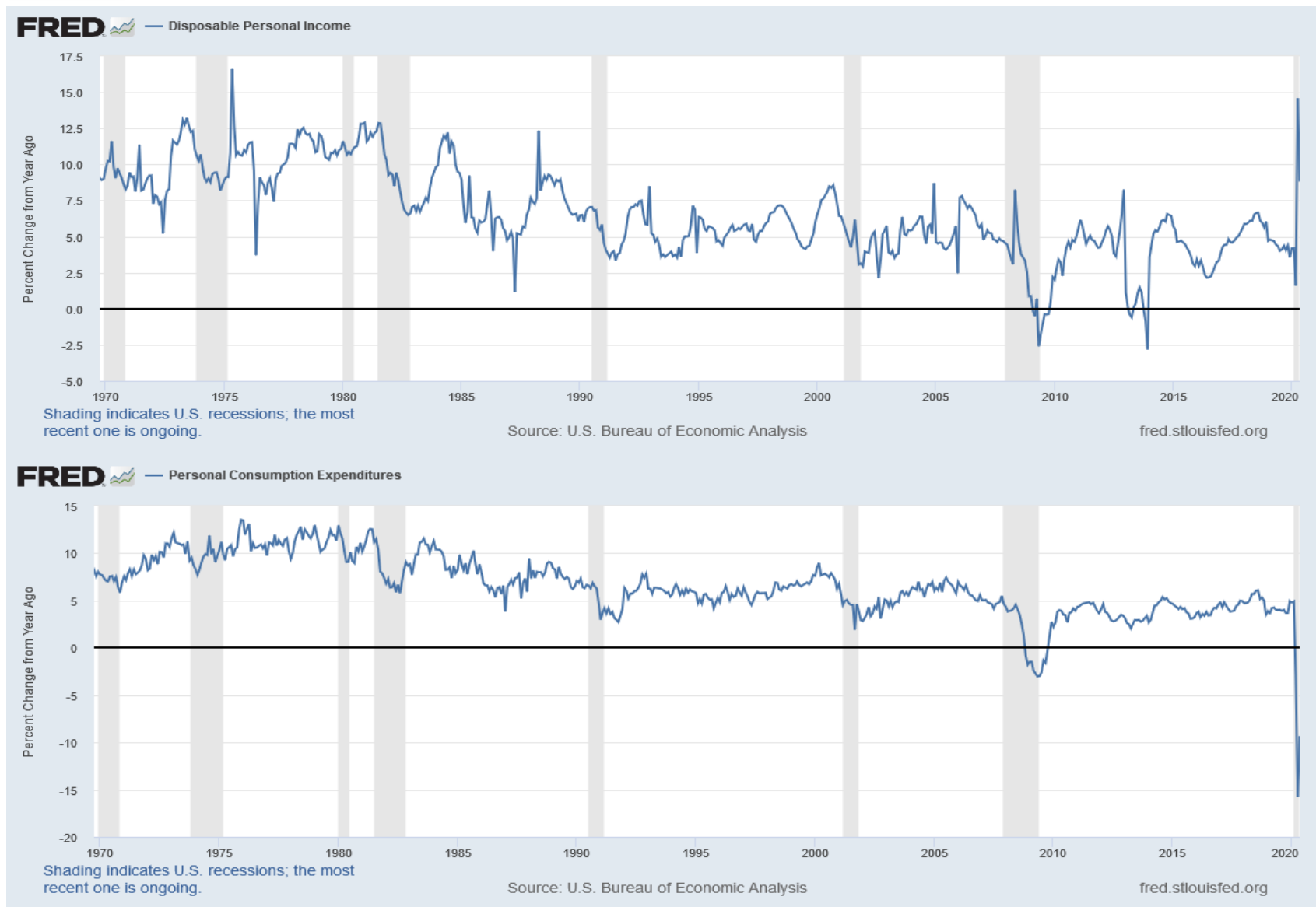
\* The valuation lag observed in Private Equity, Real Estate, and Natural Resources are likely to lead to large differences in returns between these asset classes and their benchmarks in short-mid term time periods. The manager selection component is therefore likely to be large for these asset class in the short and medium term.

# CIO Update – Macro Attribution



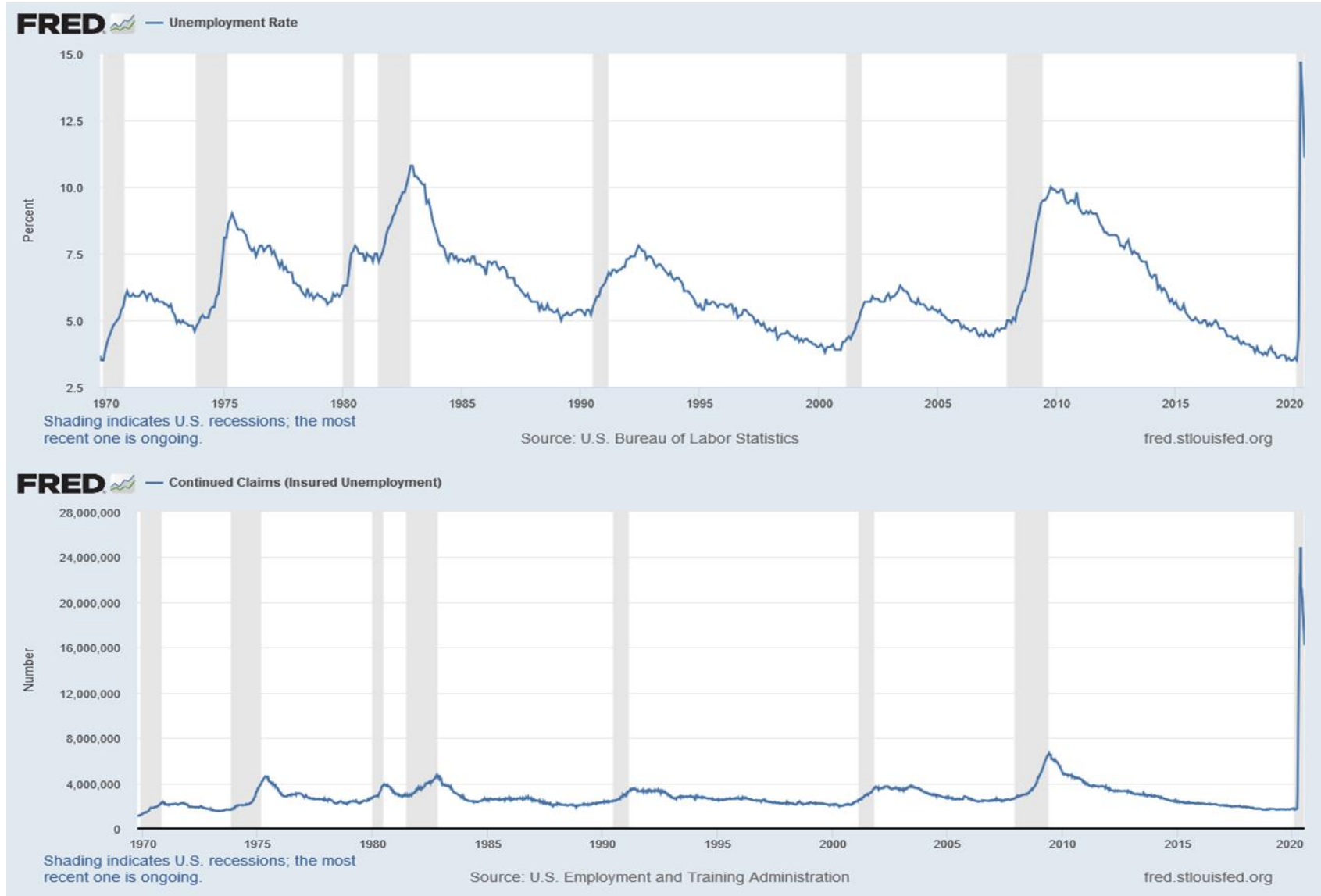


- Asset allocation discussion in October, November decision
- Evaluation of MBOI proxy voting, October presentation
- Ongoing discussion of due diligence process during COVID
- Search for investments in dislocated markets, areas that enhance diversification and/or yield
- Continuing rebalance of TFIP and SFIP portfolios
- Chief Operating Officer search
- RVK Board Member education in October



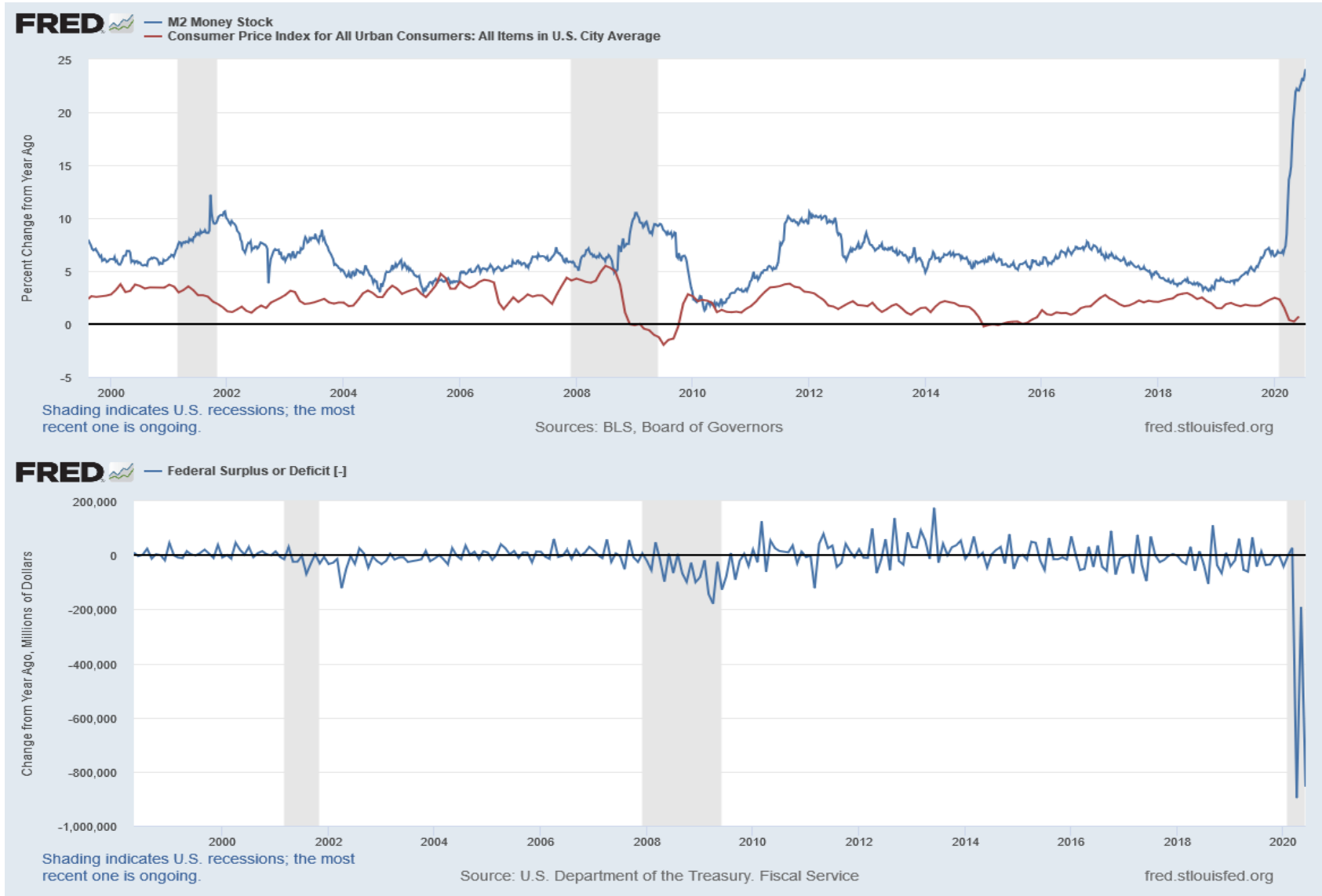
\*FRED is a data service providing Federal Reserve Economic Data

June 30, 2020



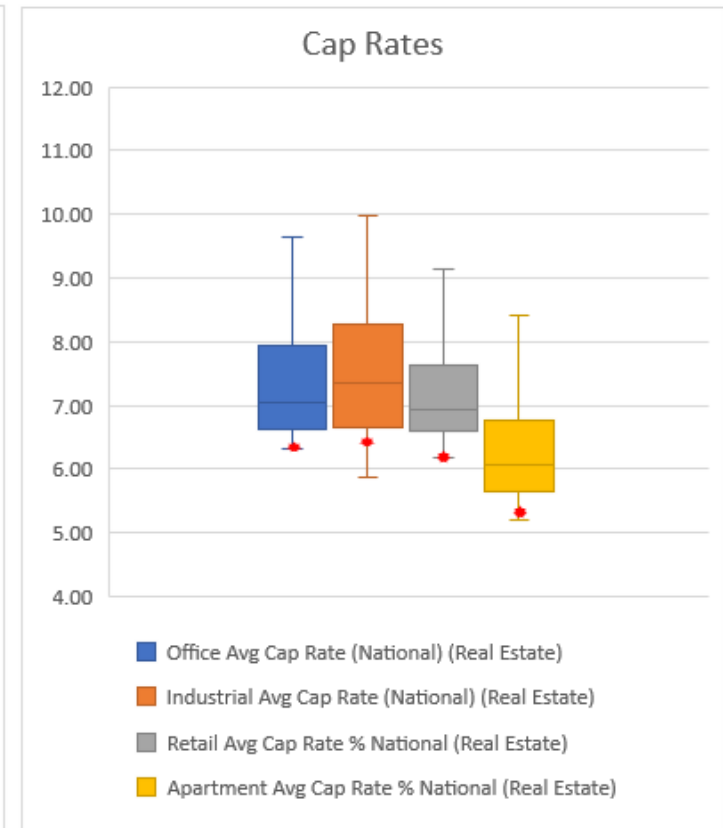
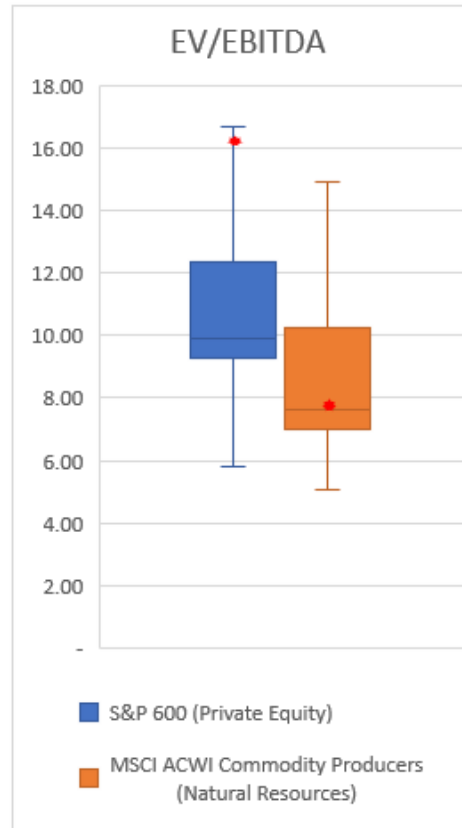
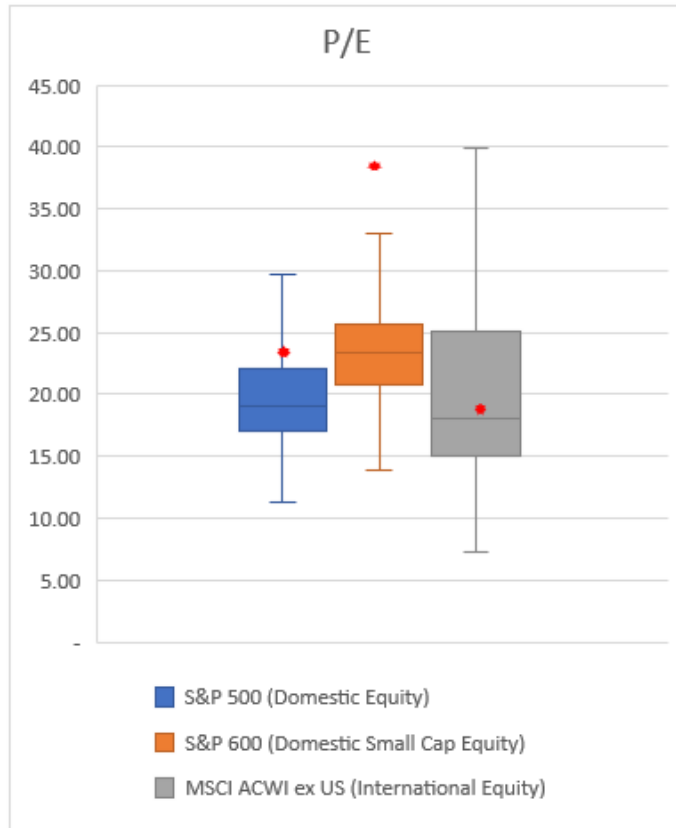
\*FRED is a data service providing Federal Reserve Economic Data

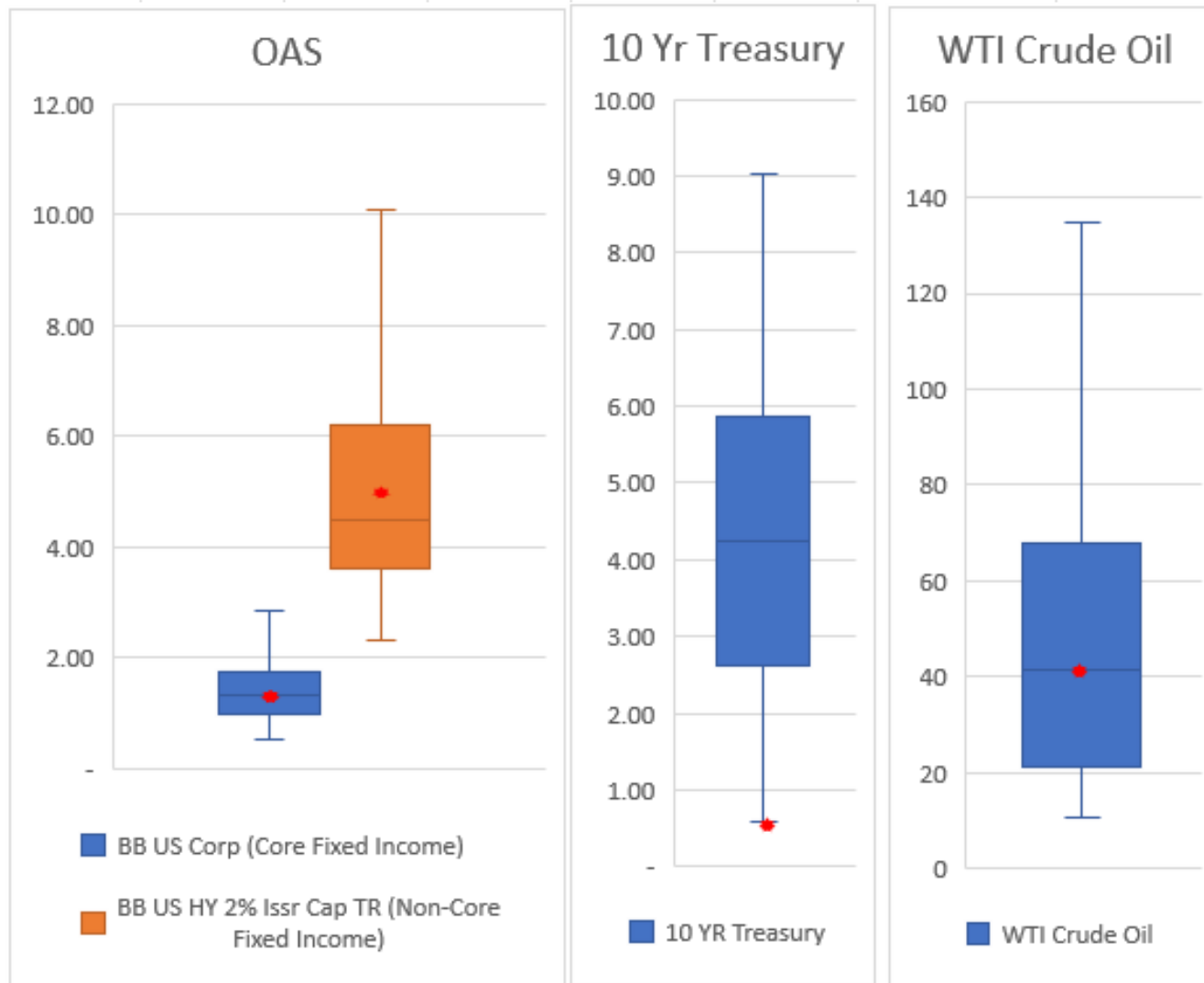
June 30, 2020



\*FRED is a data service providing Federal Reserve Economic Data

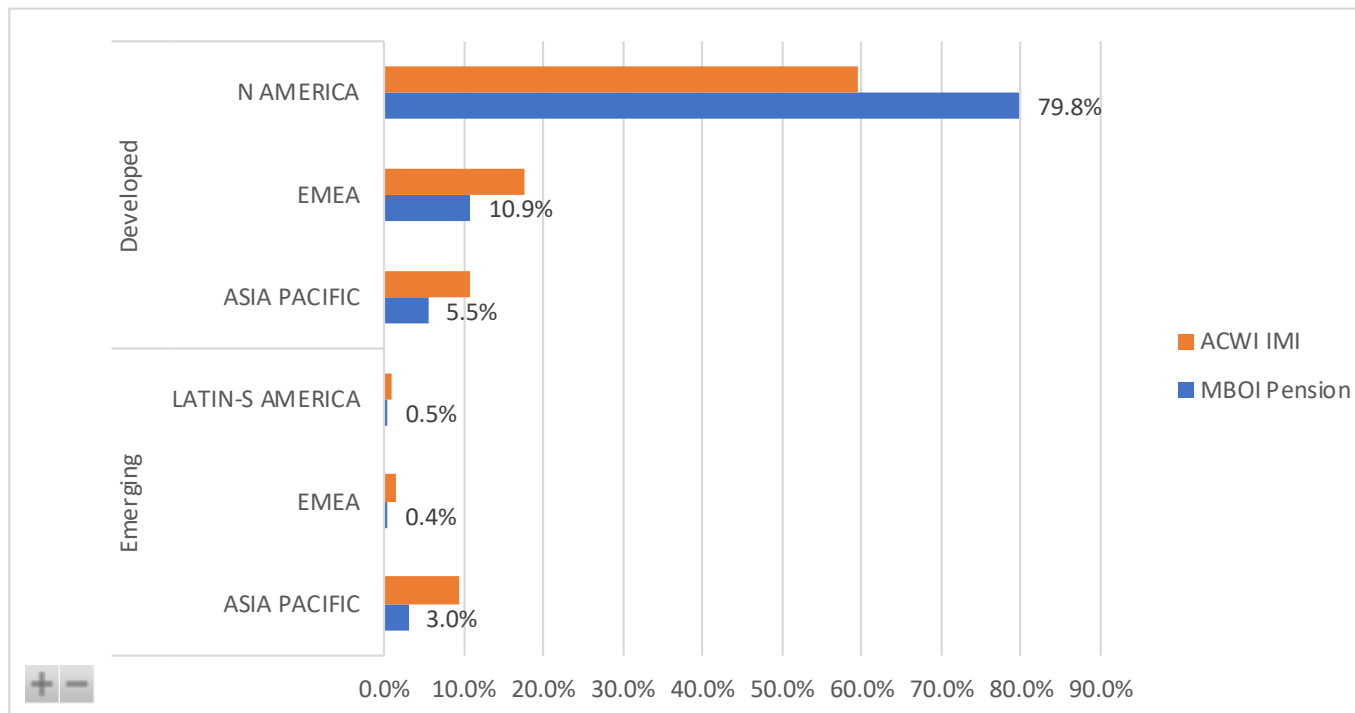
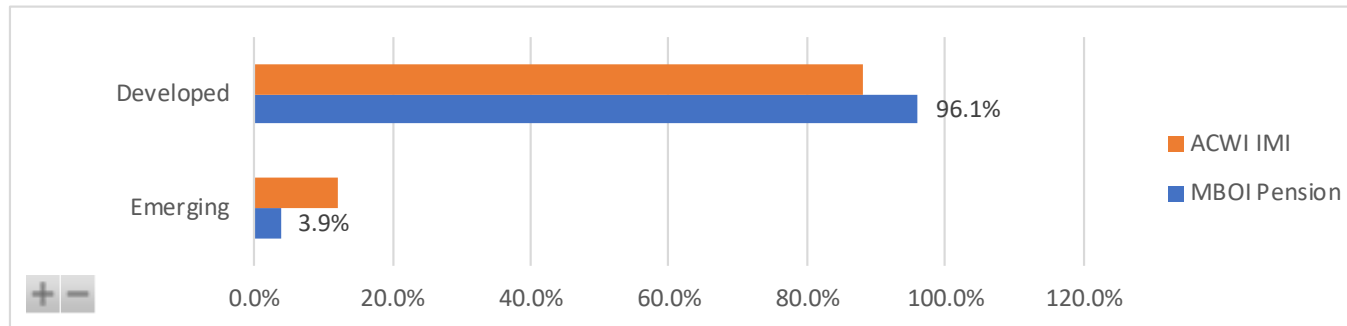
June 30, 2020





- Liquidity analysis estimates 16 months of liquidity based on expected uses of cash

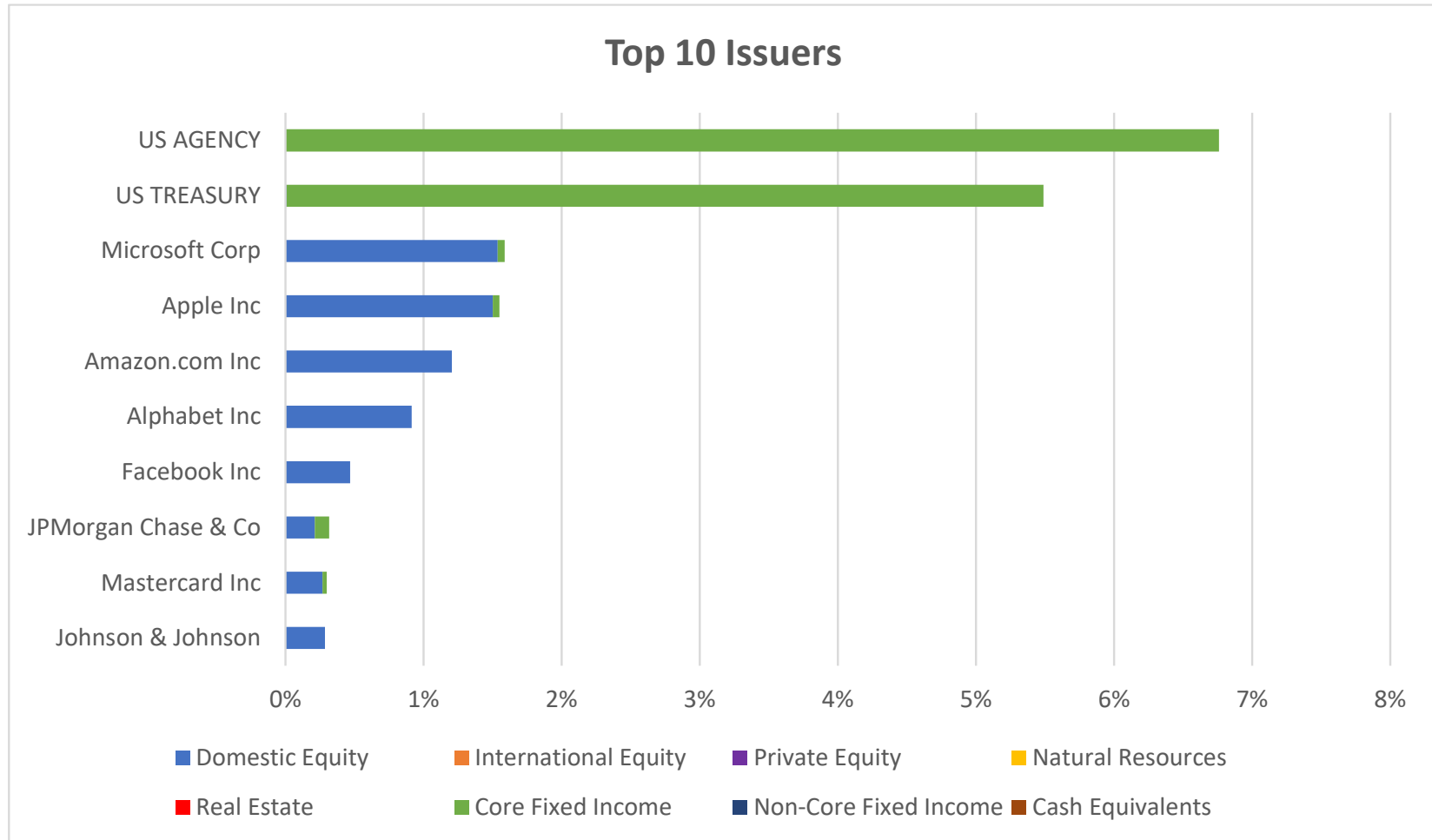
7/20/2020						
Use of Cash - Next 12 Months	Input	Assumption	Annual Amount - Potential Capital Calls	Source of Liquidity	Current Amount	Ratio Source/Use
		No Distributions		Cash Equivalents	\$253,079,563	
Private Investments	25%	25% unfunded called per year	\$251,891,302	Pension Fund Cash	\$150,619,316	
Private Real Estate	25%	25% unfunded called per year	\$132,868,605	Treasury	\$475,452,001	
Private Natural Resources	25%	25% unfunded called per year	\$66,629,860	Agency	\$152,590,090	
Private Capital Calls - Totals			\$451,389,766	TIPS	\$169,370,793	
Net Pension Benefit Estimate	42,500,000	monthly net benefits	\$510,000,000	Maturities < 1 year Corp	\$42,301,761	
Totals			\$961,389,766	Totals	\$1,243,413,525	1.29
				Estimated Number of Months of Liquidity		16



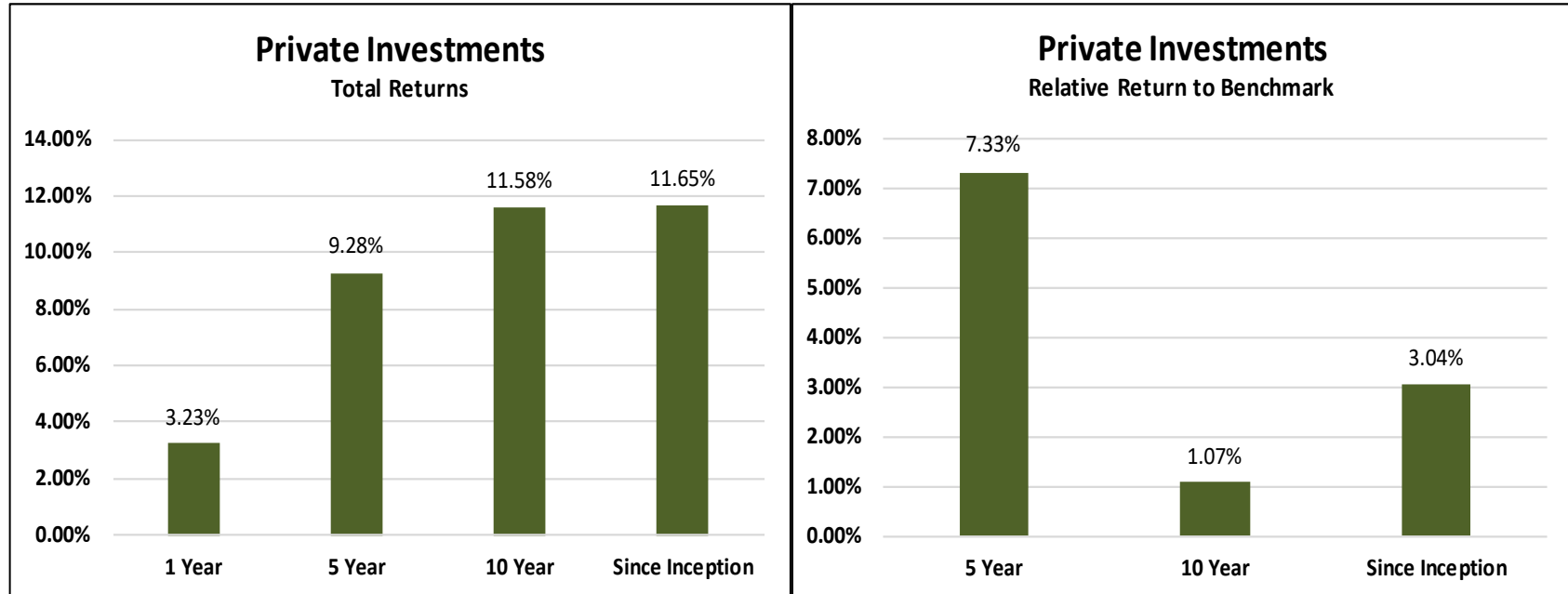




\*Montana Public Retirement Plans shall have no greater than 5% of its Net Asset Value managed by any one external manager using an active investment strategy



- The impact caused by the COVID-19 pandemic was felt in the second quarter. 888 private equity-backed buyout deals were completed in Q2 2020 with an aggregate deal value of \$61 billion, representing a 43% reduction in volume from a rolling 20 quarter average.
- Valuations for buyouts skyrocketed in the second quarter of 2020 at a purchase price multiple of 14.3x EBITDA, well above the 10 year average of 10.5x EBITDA.
- Leverage or debt usage for buyouts was notable coming in at 6.8x EBITDA, compared to 5.7x EBITDA for 2019.
- Private equity dry powder continues to remain abundant with a record high \$1.5 trillion held in private equity funds, similar to the prior quarter.
- The pace of fundraising has certainly cooled off. Aggregate capital raised is down 23% compared to the same quarter last year. Number of funds closed is down 47% compared to the same quarter last year.
- Key takeaways – Private equity activity seems to have bifurcated into the haves and the have nots. Valuations, debt usage, access to cheap credit and dry powder all remain at elevated levels compared to longer term historical levels. As expected, the fundraising environment slowed in the second quarter with the restrictions in travel.



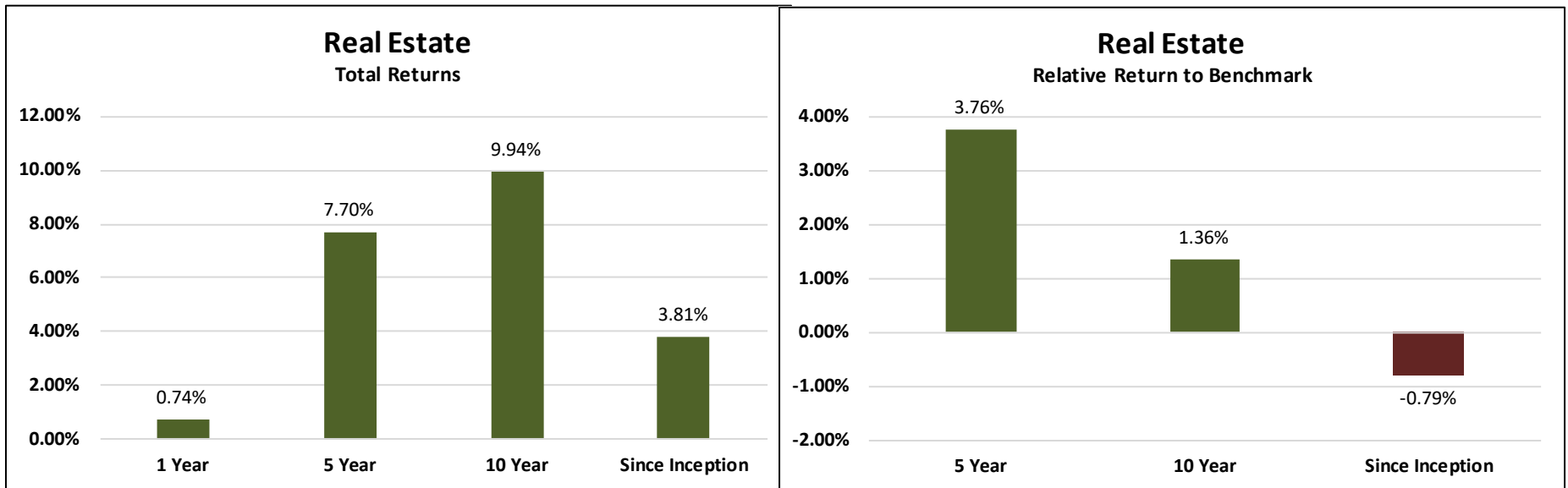
## Relevant Benchmark: Private Equity – PAC Custom Blend

- From inception to 4/30/2017: S&P 1500 + 4% Qtr Lag
- 5/1/2017 to present: MSCI USA Small Cap Gross
- Inception – 5/1/2002

June 30, 2020

- Total Market Value of \$1.54 billion as of 6/30/20
- North American-centric at ~74%, ~16% non-US developed, and ~10% emerging markets
- Direct/primary fund exposure focus at ~82% vs. Fund-of-Funds at ~18%
- Selectively focused on buyout and venture capital strategies
- Increasing allocation to credit strategies and sector specialists
- Cash Flow Profile
  - Negative \$48.04 million for quarter ending 6/30/20
- Three new commitments during the recent quarter
  - Axiom Asia Fund VI
  - GoldenTree Distressed Co-Investment Fund III
  - OCP Asia Fund IV

- The impact on real estate fundamentals going forward remains uncertain and will vary significantly by property type, seeing the beginnings of softness in rents and demand
- 1H20 saw a 33% drop in global real estate investment, in the US transactions tanked 68% in Q2, volumes expected to remain well below pre-pandemic levels for the rest of 2020 as investors wait for market clarity
- Availability of debt capital is returning, but it is conservative and hard to come by for certain property types
- The Green Street Commercial Property Price Index declined an additional 0.7% in May. The index is down 11% this YTD
- REITs have rebounded but remain down approximately 18% YTD through 7/15/20, continue to trade at a healthy discount to NAV, cash flows remain more resilient to a slowing economy
- CMBS delinquency rates for all property types reached 10.32%, just short of the all-time high of 10.34%,
- Fundraising by real estate funds YTD fell to its lowest level since 2009 with \$72B raised
- Real estate dry powder remains elevated at \$340B through July 2020
- Key takeaways – Go-forward fundamentals are uncertain and will vary by property type, transaction volumes remain suppressed, debt markets are open, but cautious, prices continuing to slide, REITs fighting back but still down YTD, CMBS delinquencies elevated, fundraising has slowed dramatically while levels of dry powder remain high



## Relevant Benchmark: Real Estate - PAC Custom Blend

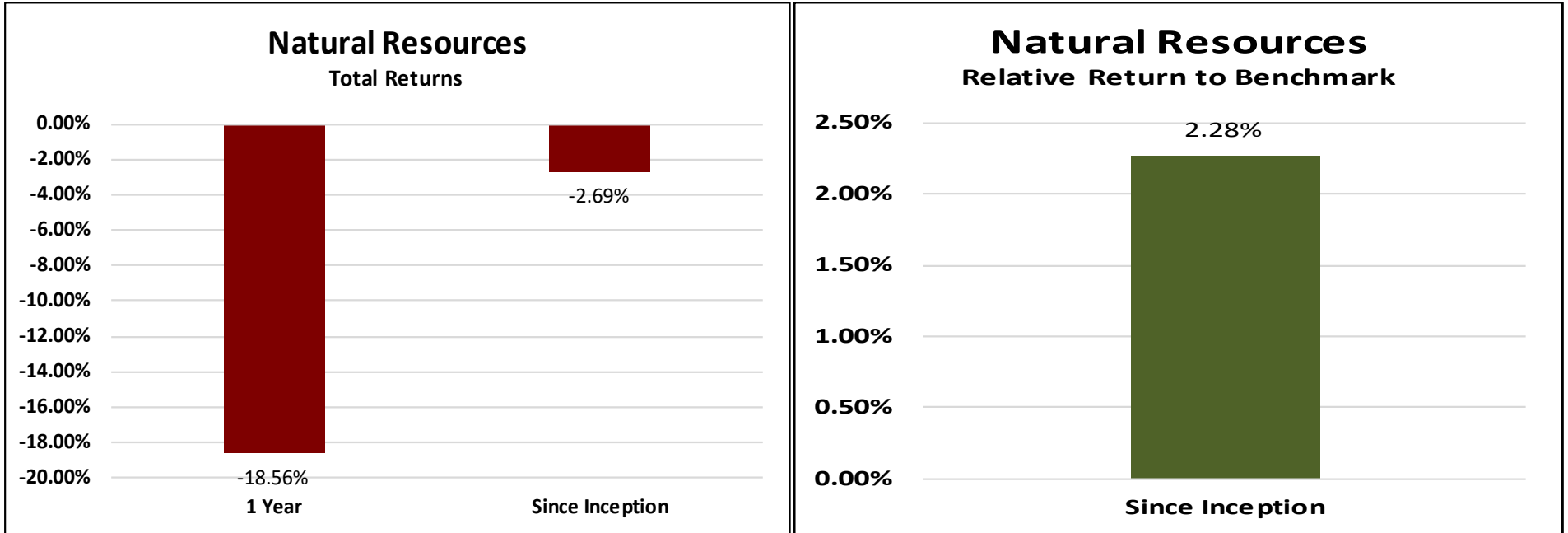
- From inception to 3/31/2017: NCREIF ODCE 1 Qtr Lag (Net)
- 4/1/2017 to present: MSCI US REIT Index Gross
- Inception – 6/1/2006

June 30, 2020

- Total Net Asset Value of approx. \$1B as of 6/30/20
- North American-centric, broadly diversified, less than 2% non-US
- Broadly diversified across property types
- Increased focus on property type specific operators
- Beginning to look at separate accounts for longer duration holds, cash flow
- Focus on existing, high conviction managers, reducing core equity exposure on the margin, may opportunistically add to existing public REIT exposure
- Cash Flow Profile
  - Negative cash flow of approx. \$31M for quarter ending 6/30/20
- New investment commitments/additions
  - \$30M add'l commitment to Sterling United Properties II, LP
- Total Leverage – 50.5% as of 3/31/20
  - Debt – 51.6%
  - Core – 26.4%
  - Core-plus/Non-Core – 63.0%



- While oil prices have recovered from their lows due to an ongoing recovery in demand and industry-wide supply curbs, prices remain low as fears of a second wave of lockdowns loom
- As prices have recovered, OPEC expects to relax curbs that have underpinned the oil price recovery by supplying the market with an additional 2M barrels per day beginning in August
- With the rebound in prices, US production forecasts expected to stabilize and remain above 12M barrels per day
- Global oil demand remains depressed, inventories remain elevated
- Oil rig count continues to fall and stands at 263 as of early July
- Global energy M&A activity remains depressed with bankruptcies and defaults in the domestic oil patch expected to continue
- After bouncing back strongly off the March lows, MLPs have traded lower
- Lower saw timber prices persist in the US PNW and US South
- Housing inventory remains low, starts rebounded and increased 17.3% to a seasonally adjusted annual rate of 1.186M units last month driving lumber prices higher
- Natural resource-related funds dry powder increased slightly to \$56.2B through July 2020
- Key takeaways – Oil prices up, OPEC expecting to add supply, oil demand and production still down but stabilizing, energy stocks bounced back but remain depressed, lower log prices persist, housing market bounced off of lows, dry powder remains healthy



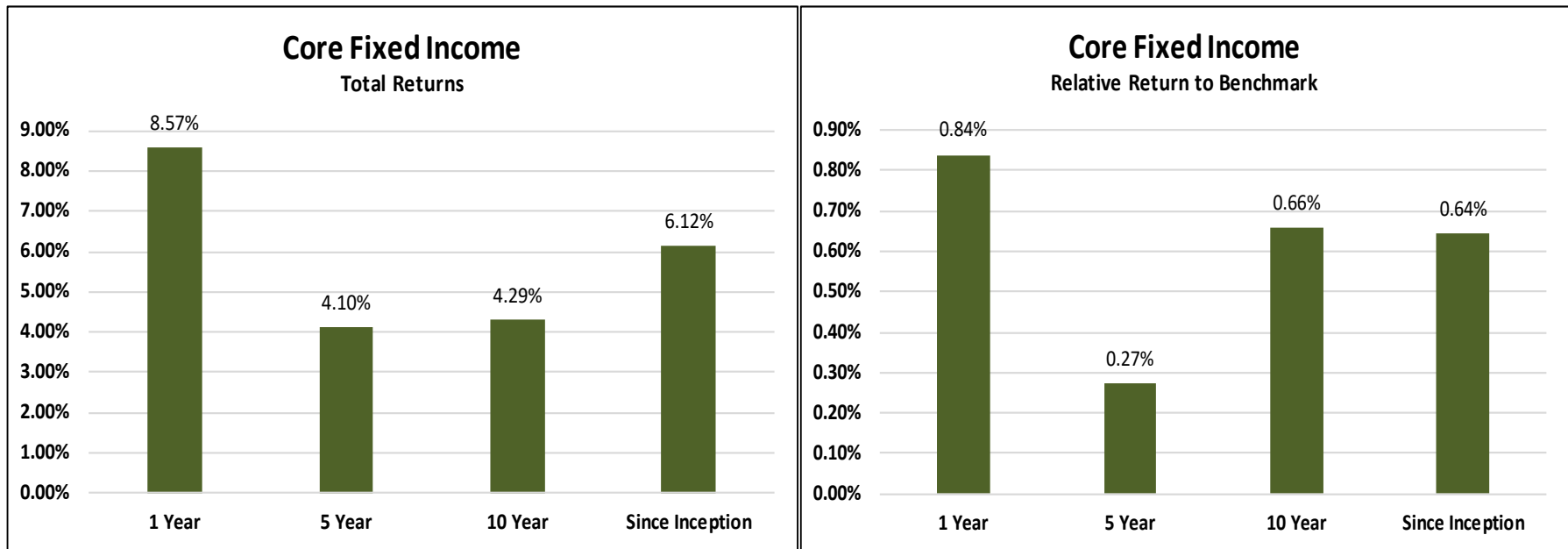
**Relevant Benchmark: Natural Resources – MSCI AC World Commodity Producers Net Index**

- Inception – 4/1/2017

- Total Net Asset Value of approx. \$361M as of 6/30/20
  - Energy Portfolio - \$252M as of 6/30/20
  - Timberland Portfolio - \$101M as of 6/30/20
  - Broad Natural Resources Portfolio - \$8M as of 6/30/20
- All portfolios are North American-centric, broadly diversified regionally
- Energy is broadly diversified across the energy value chain; timber broadly diversified across species and age class
- Continuing to explore other types of strategies to further diversify and gain new exposures
- Cash Flow Profile
  - Positive cash flow of approx. \$250K for quarter ending 6/30/20
- No new investment commitments
- Timber Portfolio Total Leverage – 6.1% as of 3/31/20

- The U.S. Treasury curve steepened over the last year as rates fell to near zero on the front end and to 66 bps on the 10 year
- The Federal Reserve cut interest rates five times over the past year to a range of 0 to 25 bps
- Headline inflation was 0.6% year over year in June. Core CPI was 1.2% year over year
- Money market yields continued to fall after the Federal Reserve cut interest rates, while spreads on commercial paper snapped in after the market volatility in March and April.
- Spreads on corporate bonds decreased over 120 bps to 150 bps at the end of June
- Spreads on mortgage backed securities (MBS) ended June at 70 bps after a lot of volatility in the first half of the quarter

- The Barclays Aggregate returned 8.74% on the year ended June 30, driven by lower interest rates partially offset by increased risk premium
- TIPS lagged nominal Treasuries on the year as 10 year break evens declined 35 bps
- Bond market liquidity improved dramatically in the quarter on very strong Corporate new issuance. Bid/ask spreads improved significantly as confidence returned to the bond market.



## Benchmark:

- Inception to 3/31/2017 - Bloomberg Barclays US Aggregate Bond Index
- 4/1/1997 to 11/30/2019 - Internally Managed and Broad Fixed Income PAC Custom Blend
- 12/1/2019 to present – Bloomberg Barclays US Aggregate Bond Index
- Inception Date: 4/1/1995

June 30, 2020

### **Performance**

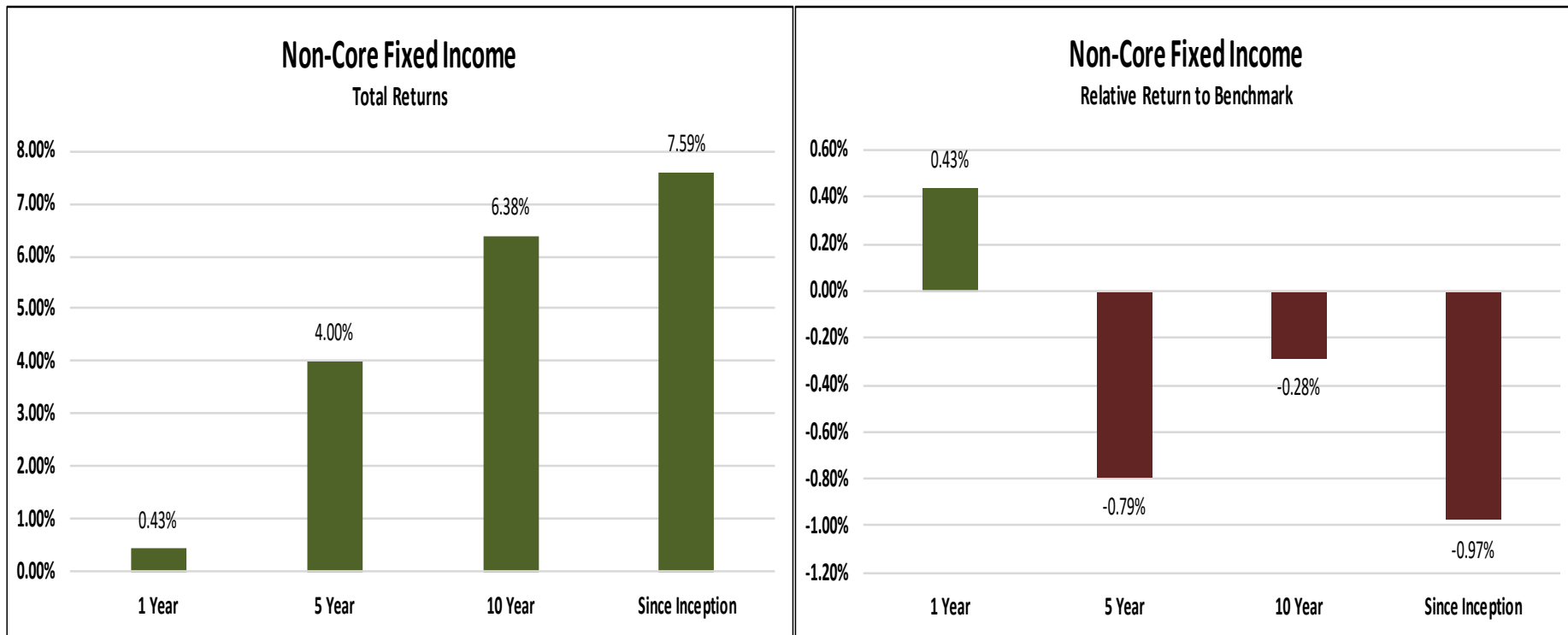
- Positive total return of 3.51% in the quarter led by Reams at 8.13%. The internal portfolio returned 3.15%. Tips had strong absolute and relative performance, returning 4.18%.
- Reams and the internal portfolios outperformed on overweight to credit as risk premiums contracted during the quarter.

### **Characteristics and Activity**

- Total market value of approx. \$2.40 billion at quarter end.
- Duration was approx. 93% of the benchmark at quarter end. Significantly underweight the long end of the curve.
- Portfolio was underweight Treasuries/Agencies and overweight spread product at the end of the quarter.

- High yield spreads recovered during the second quarter although they remain elevated at 500+ basis points to US Treasuries.
- Recall that high yield spreads had been at historical lows for several quarters only to blow out to 1000+ basis points in the first quarter.
- High Yield default rates are expected to rise in the coming quarters which could put upward pressure on spreads going forward. Current estimates are for a range of 8%-12% defaults within high yield credits. Recall that default rates had hovered between 2%-3% prior to this crisis. Energy credits are expected to be hardest hit.
- Several investment grade credits have been downgraded to high yield status due to the economic stress from the pandemic. Over \$200 billion in investment grade issues are now non-investment grade.



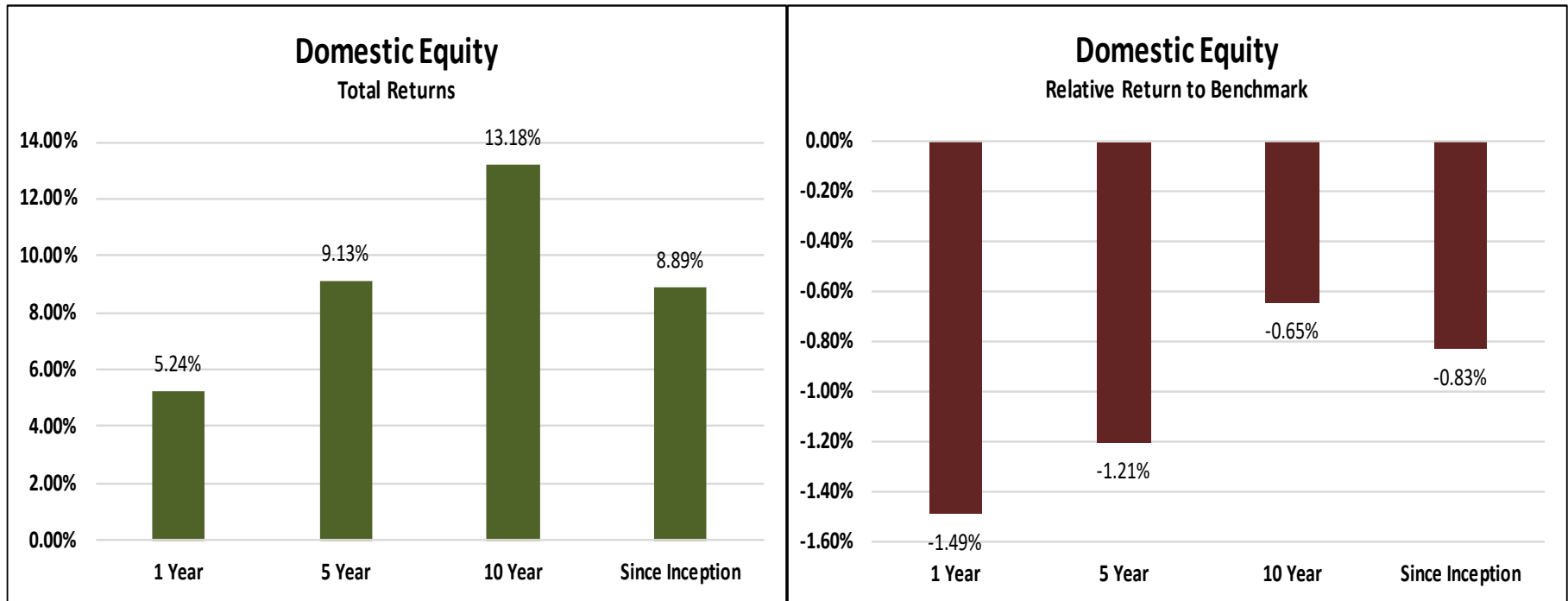


**Benchmark: Bloomberg Barclays US High Yield – 2% Issuer Cap**

- Inception Date: 6/1/2009
- High Yield Asset Class name change to Non-Core Fixed Income 11/30/19

- The defensive nature of the Non-Core asset class caused it to lag the high yield rally during the quarter. All three high yield portfolios lagged in the quarter as would be expected.
- Overall, the non-core fixed income asset class underperformed by -111 basis points for the quarter.
- For the last twelve months ended June 30, the asset class outperformed by 43 basis points.
- There were no changes to the manager lineup.
- There were \$75 million in contributions to the Non-Core asset class within CAPP during the quarter as Oaktree received that amount in a total of three tranches.
- The due diligence on a potential Emerging Market Debt portfolio continues to move forward with the anticipation of adding this type of portfolio sometime within the next several months.

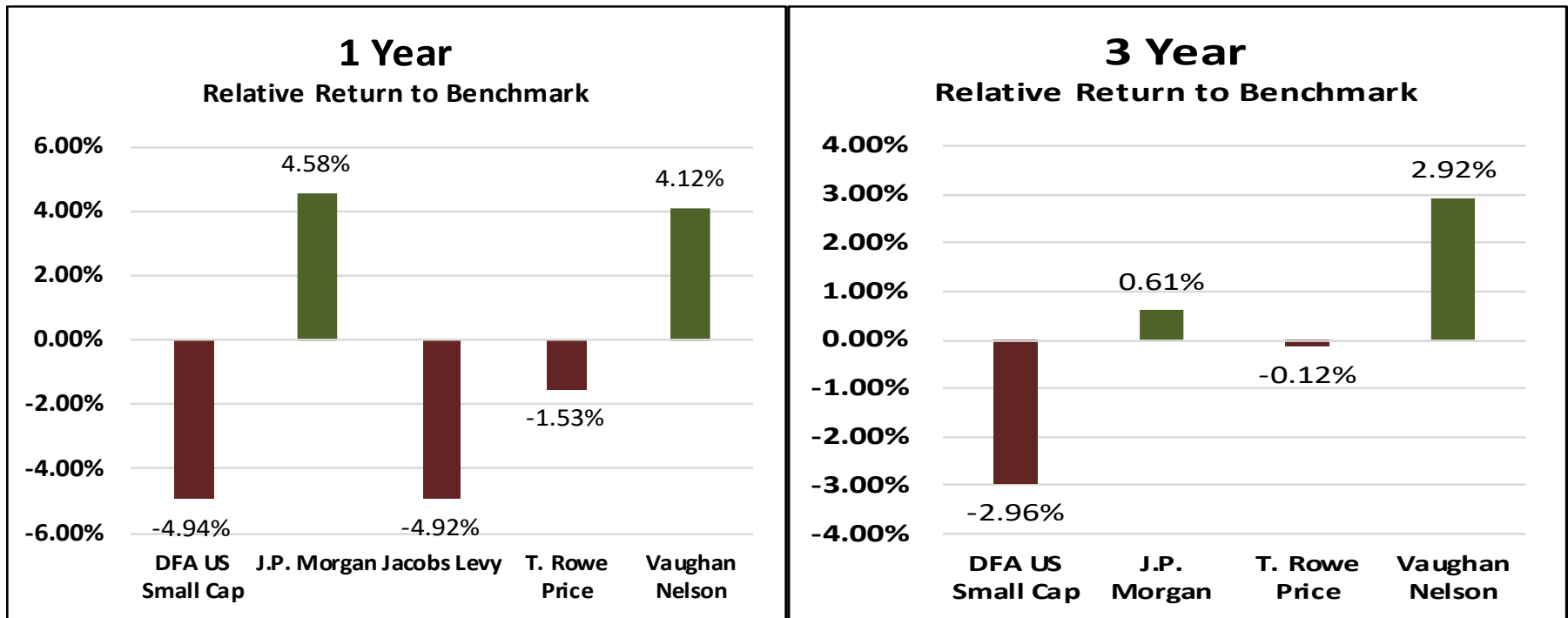
- US equities rallied fiercely in the second quarter on monetary and fiscal stimulus measures and hopes for treatments and vaccines for COVID by the end of the year. Large-cap stocks generated positive returns of 20.5% (S&P 500), while small-cap stocks returned 25.4% (Russell 2000). The stock market resurgence offset most of the dramatic selloff experienced in the first quarter.
- At the end of June, the S&P 500 Index was valued at 22x generous next 12-month earnings estimates. There remains limited confidence in earnings estimates at this point given these unprecedented circumstances and US companies continue to provide limited if any earnings guidance.
- The breadth of the US market is very narrow at this point, meaning the performance of the market is being driven by a small group of mega cap stocks. Microsoft, Apple, Amazon, Facebook, and Google account for roughly 23% of the S&P 500 index at this point. These stocks have provided exceptional YTD returns as a group while most of the member stocks of the S&P 500 index are still down significantly due to the economic effects of the pandemic.

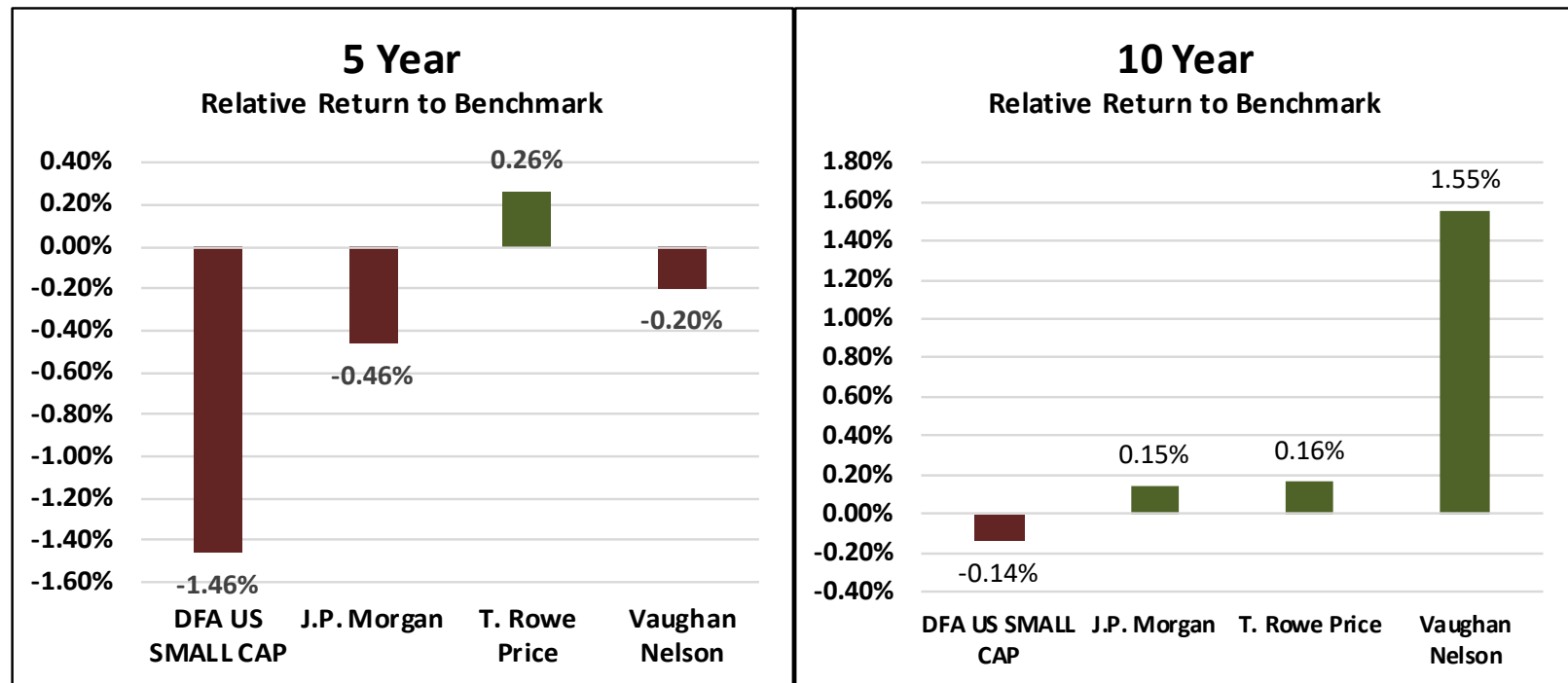
**Benchmark: Domestic Equity – PAC Custom Blend**

- From inception to 4/30/2017: S&P 1500 Super Composite
- 5/1/2017 to present: MSCI USA IMI, Gross
- Inception Date: 5/1/2003

**June 30, 2020**

- The domestic equities asset class underperformed its benchmark during the quarter by -73 basis points, and lagged for the last twelve months by -149 basis points. No doubt some of this relative performance was influenced by the narrow market.
- Attribution showed that during the quarter the overweight to small-cap added to relative performance, while manager selection was a negative.
- For the last twelve months, the small-cap overweight detracted from performance but was partially offset by good manager selection in large-cap.
- The asset class has lagged its benchmark for the 1 year, 5 year and 10 year periods ended June 30.

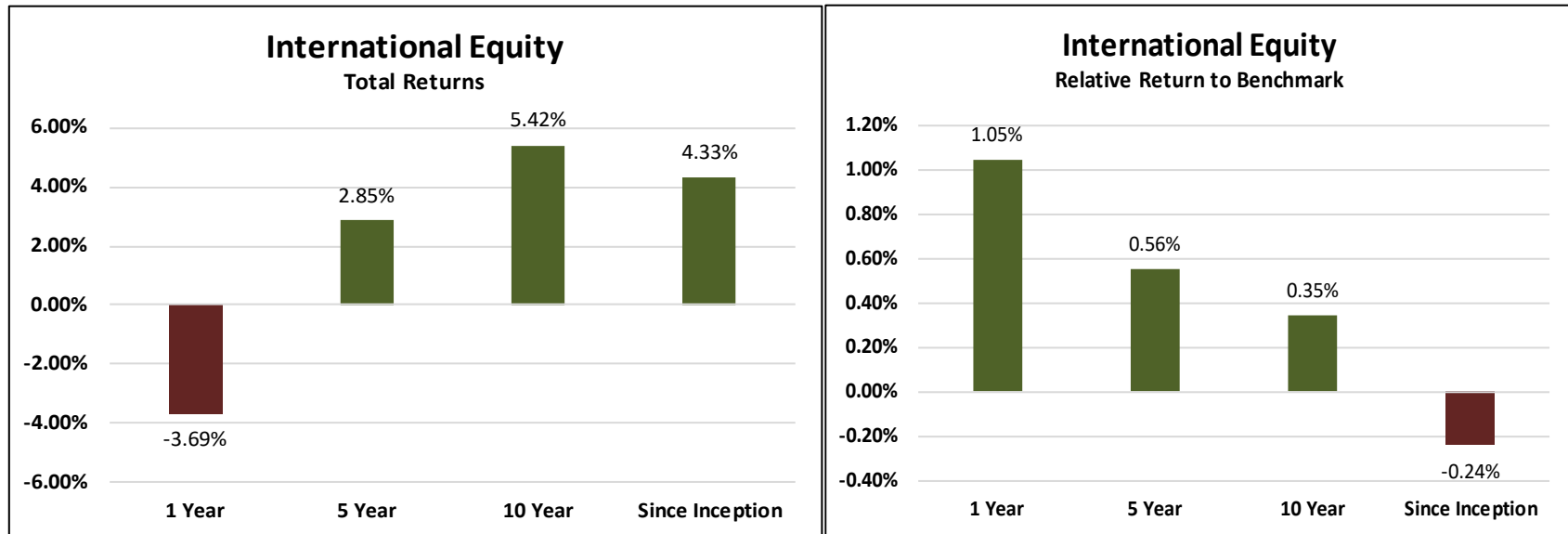




- Index funds account for the majority of allocation to large-cap stocks.
- Small-cap stocks are slightly overweight to the benchmark weight of 10.7%.
- Cash at the asset class level is 0.1% per policy.
- There were withdrawals of approx. \$115 million from the Domestic Equity asset class during the quarter which were funded by sales of the SPY ETF, and the IWM ETF.
- There were no changes to the manager lineup during the quarter.



- International stocks rallied strongly in the quarter although not as much as US stocks. Developed market stocks returned 15.3% (MSCI World ex-US) and emerging market stocks returned 18.1% (MSCI EM). Small-caps outperformed large-caps within developed markets by returning 21.7% (MSCI World ex-US SC).
- Despite more attractive valuation levels for international stocks there still remains a preference by investors for US stocks, probably due to the quality bias that has been in place for several quarters.
- After being range bound through May, the US dollar lost ground into the end of June to finish about 2% lower for the quarter due to the large monetary and fiscal stimulus in the US.
- At quarter end, the MSCI World ex-US Index (developed markets) was valued at 17.5x estimated next 12-month earnings, while the MSCI Emerging Markets Index was valued at 14.2x estimated next 12-month earnings. Yet as with the US valuations based upon estimates, the level of confidence in the accuracy of these levels is low.

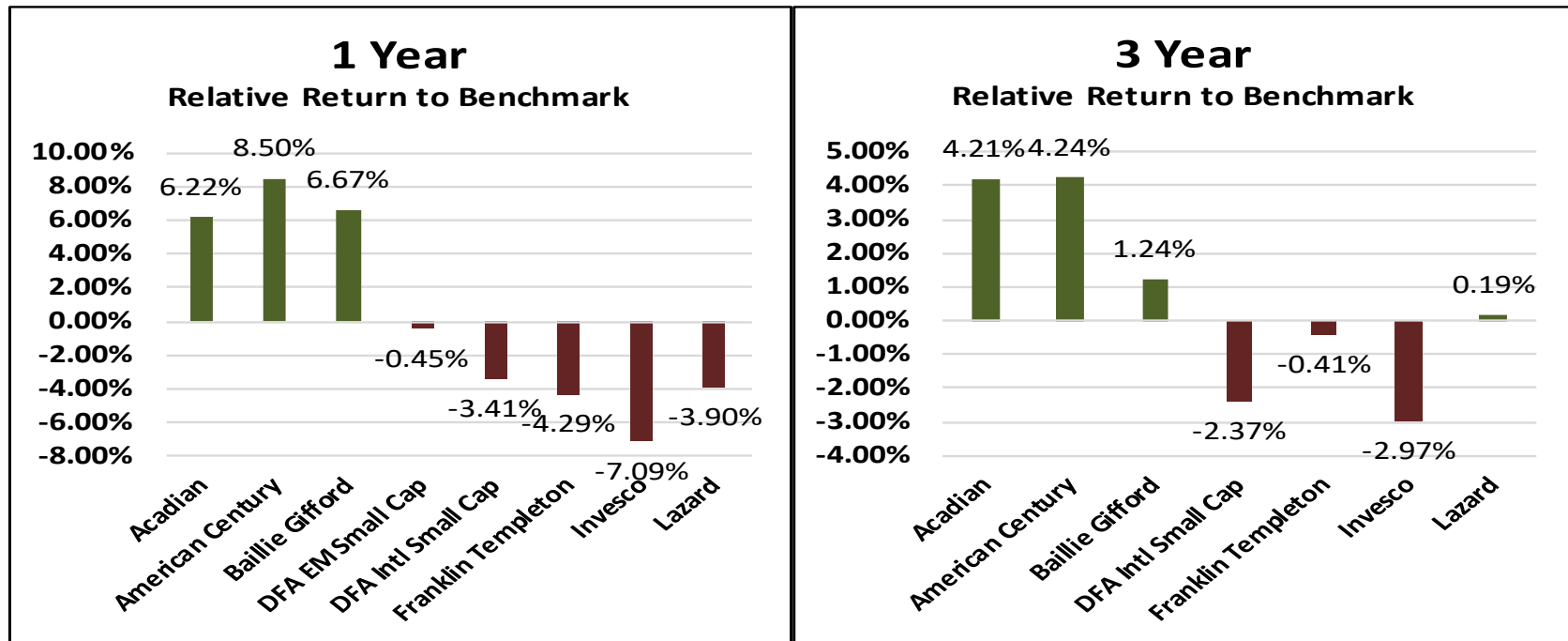


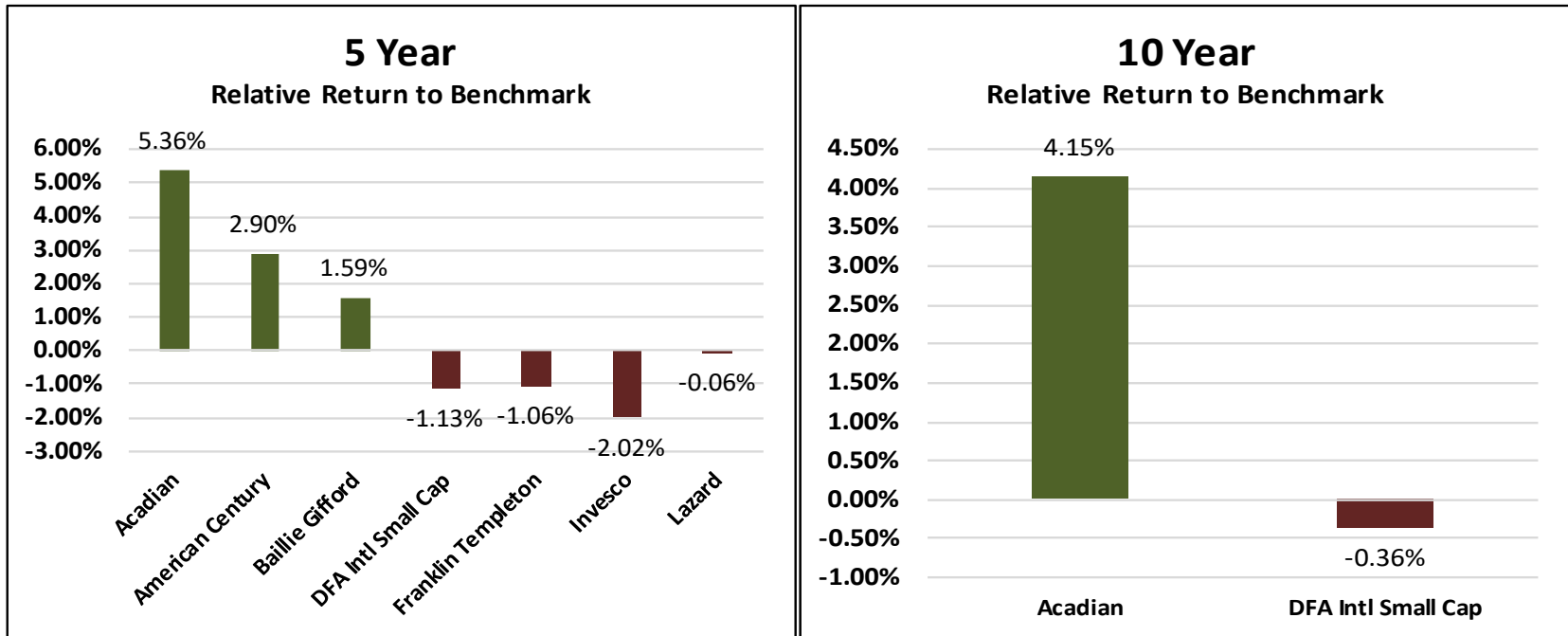
## Benchmark: International Equity – PAC Custom Blend

- From inception to 10/31/2006: MSCI EAFE, Net
- 11/1/2006 to 6/30/2007: MSCI ACWI ex-US, Net
- 7/1/2007 to 2/28/2014: 92.5% ACWI ex-US + 7.5% ACWI ex-US Small Cap
- 3/1/2014 to present: MSCI ACWI ex-US IMI, Net
- Inception Date: 4/1/1997

June 30, 2020

- The international equities asset class outperformed its benchmark during the quarter by 100 basis points and outperformed for the last twelve months by 105 basis points.
- The asset class performance benefited from manager selection during the quarter. For the last twelve months, the small cap overweight and manager selection added value.
- The asset class has outperformed its benchmark for the 1 year, 5 year and 10 year periods ended June 30.





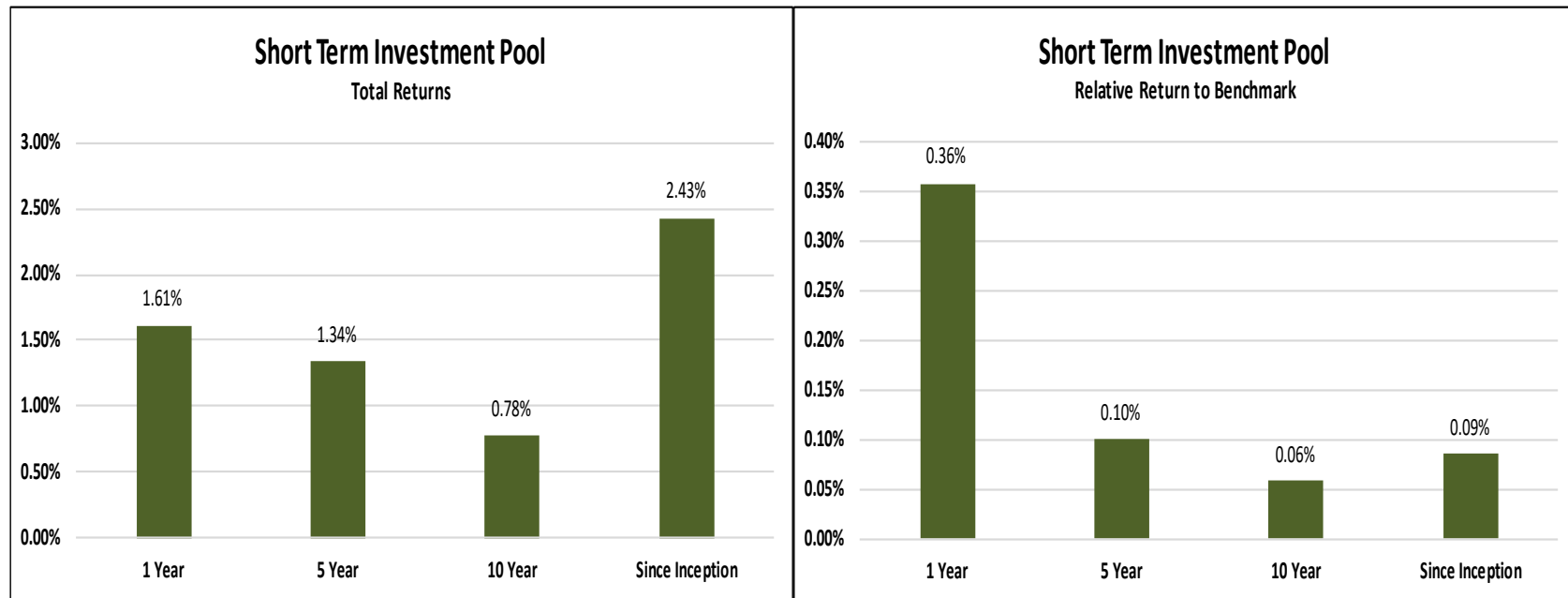
- The large-cap allocation retains a significant weight to index funds.
- Small-capitalization stocks are slightly overweight at 12.4%.
- There is a slight underweight to emerging markets of -0.6% as exposure to emerging markets was reduced at the end of the quarter.
- Cash at the asset class level is 0.1% per policy.
- There were no contributions or withdrawals during the quarter.
- There were no changes to the manager lineup during the quarter.

## **Performance**

- The yield on STIP was 0.54% at the end of June.
- Out performed the index by 36 bps over the year, net of fees.
- Good performance versus the index over 3, 5 & 10 years.

## **Characteristics & Activity**

- Treasuries, Agencies and Government money market funds made up just over 38% of the Pool on 6/30/20, down from approximately 41% on 6/30/19.
- Local Government participants' percentage was 38.0% on 6/30/20, up slightly compared to the prior year.
- The STIP assets were \$4.396 billion on 6/30/20 up over \$466 million from 6/30/19.
- The STIP reserve was \$52.60 million on 6/30/20.

**Relevant Benchmark:**

- Inception to 4/30/2018 - LIBOR 1 Month
- 5/1/2018 to present: Federal Reserve US Treasury 1M Constant Maturity Index
- Inception – 4/1/1997

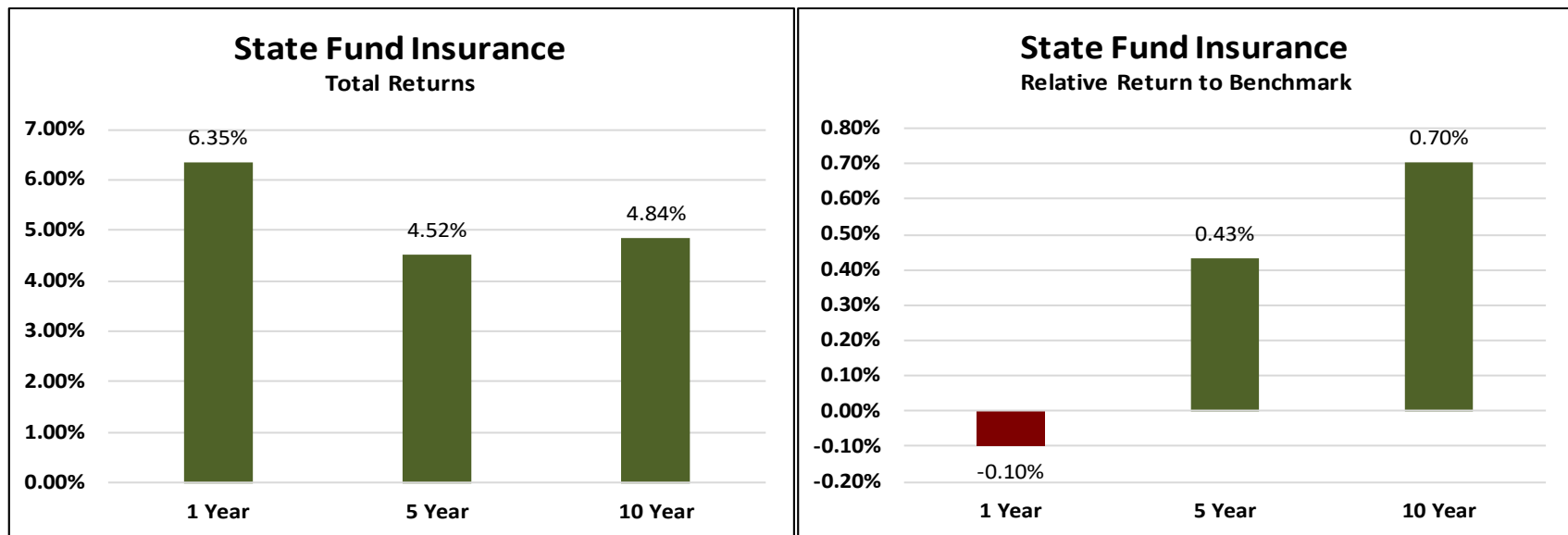


## **Performance**

- Total portfolio return was 6.35% over the last year. Fixed income returns led the way followed by equities and then real estate.
- Underperformance in the fixed income portfolio in the 1<sup>st</sup> quarter was reversed in the 2<sup>nd</sup> quarter.
- Total portfolio underperformed the benchmark by 10 bps and the bond portfolio outperformed the benchmark by 34 bps over the year.

## **Characteristics & Activity**

- Total market value of approx. \$1.57B at quarter end.
- Duration was slightly above the benchmark at quarter end.
- Continued overweight to spread product and underweight to Treasuries. Adding to MBS over time.
- Added \$35 million to new High Yield Asset Class during the quarter.



### Relevant Benchmark:

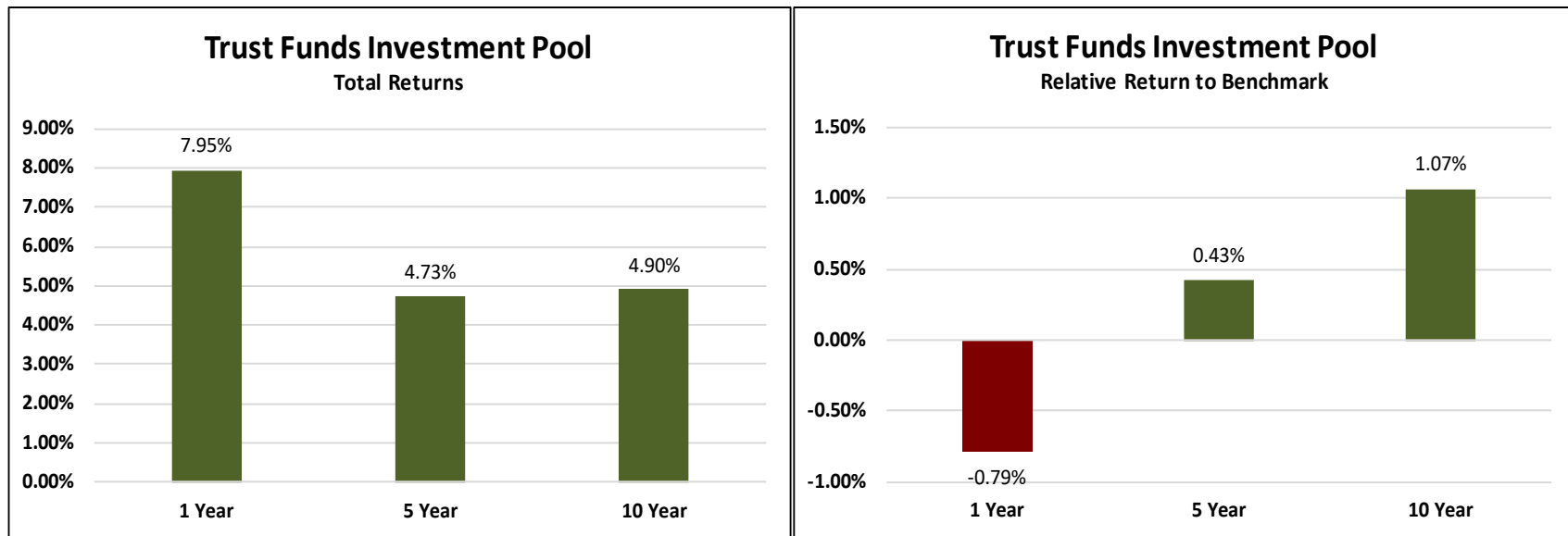
- State Fund Custom Benchmark: Proportionately weighted Bloomberg Barclays Int. Aggregate Bond Index, S&P 500 Index, MSCI ACWI ex U.S. Index, NCREIF ODCCE Index

## **Performance**

- Weak performance over the past year was due to a relative overweight to risk products along with a modest short duration. Strong performance in the 2<sup>nd</sup> quarter cut into the deficit significantly.
- High Yield is now an outperformer largely due to advantageous timing of additional investments. Real Estate had positive returns but significantly below the benchmark. The internal portfolio underperformed on an overweight to corporate bonds and an overweight to cash.
- Total portfolio underperformed the benchmark by 79 bps and the internal bond portfolio underperformed the benchmark by 16 bps.

## **Characteristics & Activity**

- Total market value of approx. \$2.63B at quarter end.
- TFBP duration was below below the benchmark at quarter end on an increase in cash. Significantly underweight the long end of the curve.
- TFBP maintained overweight to Corporates, CMBS and ABS and underweight to Treasuries and MBS.

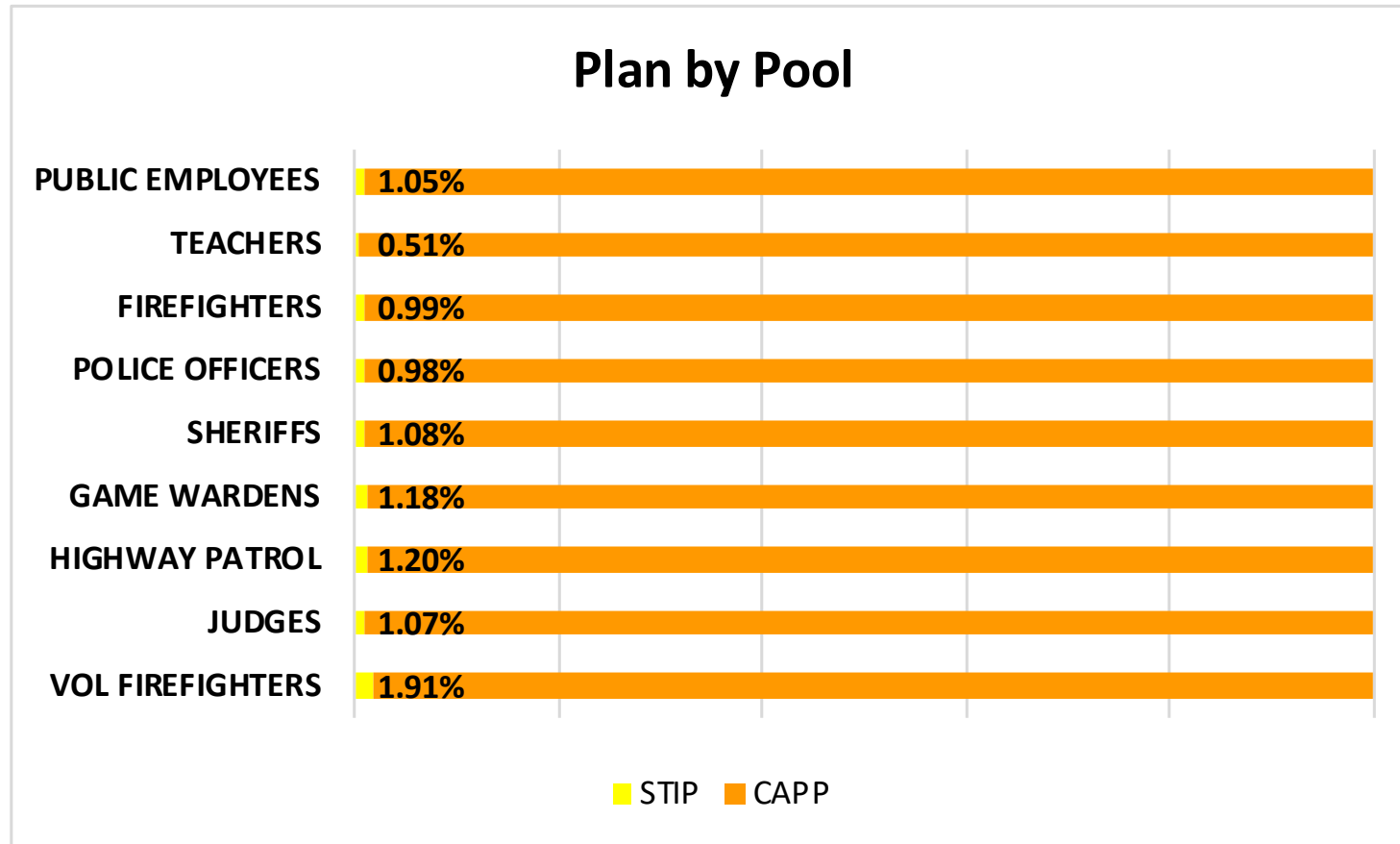


Relevant Benchmark: Bloomberg Barclays U.S. Aggregate Bond Index

# APPENDIX

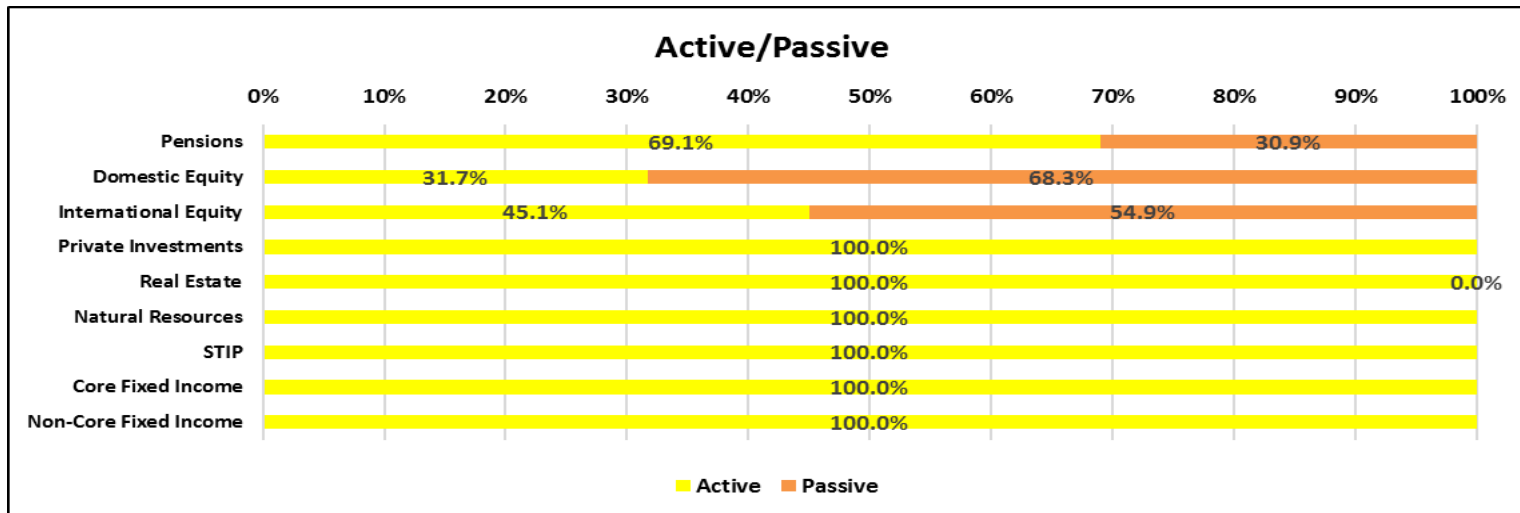
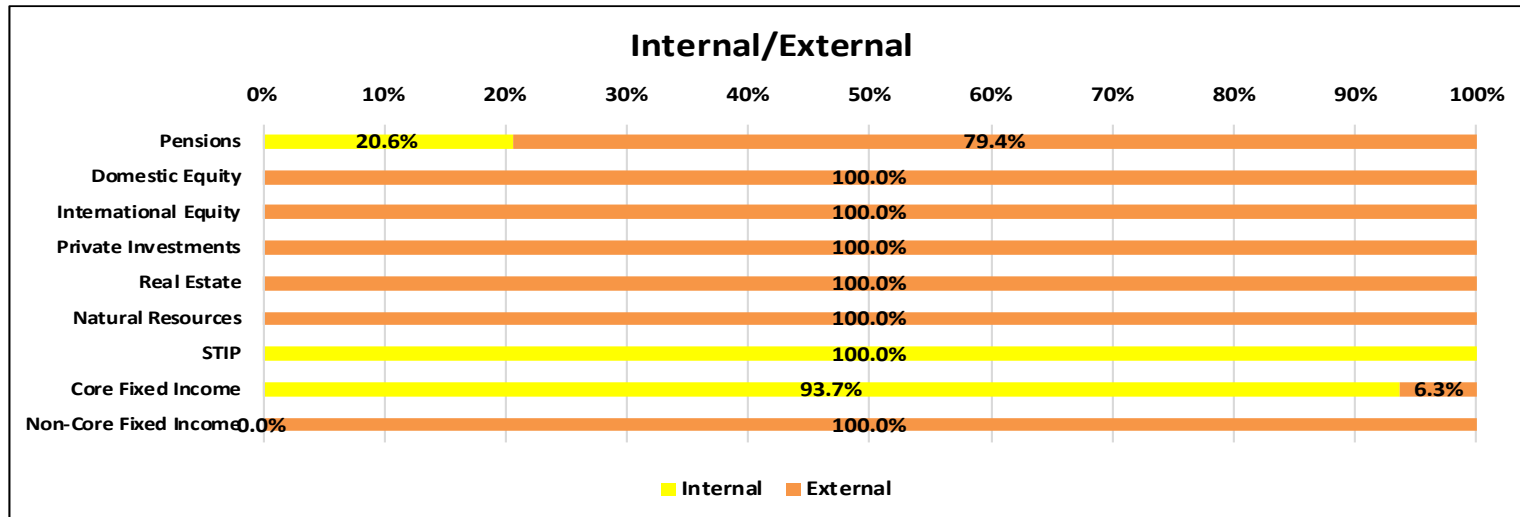
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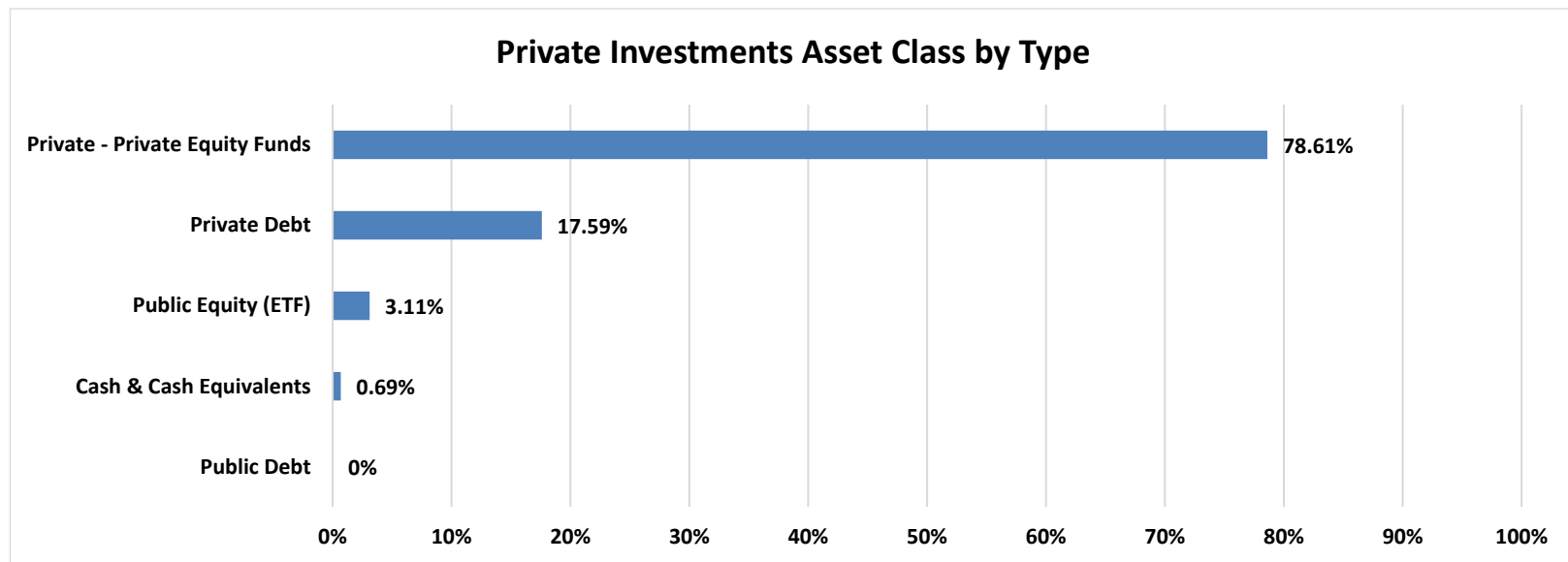
## Retirement Plans Allocations by Pool



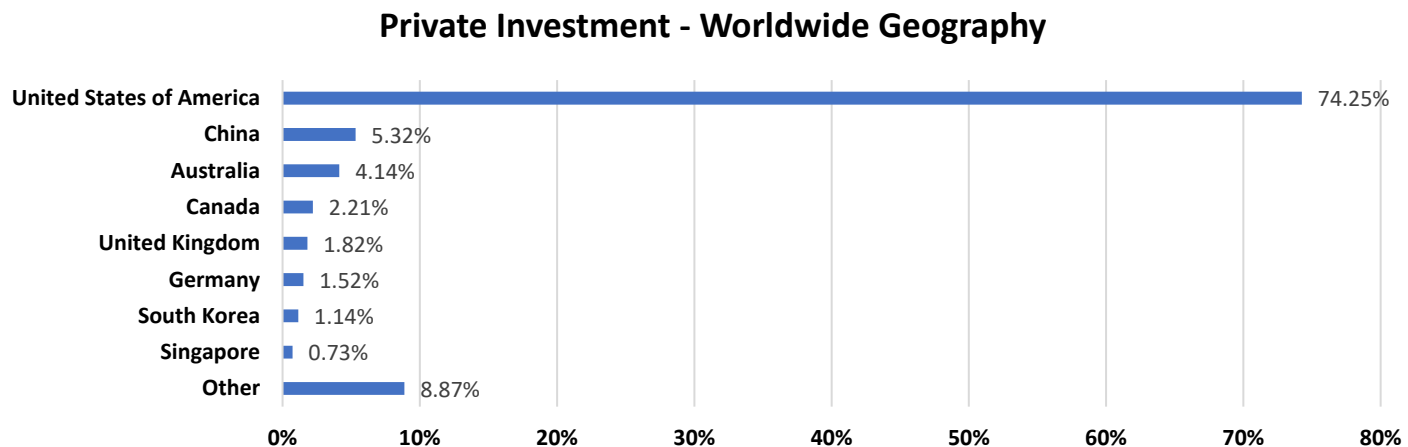
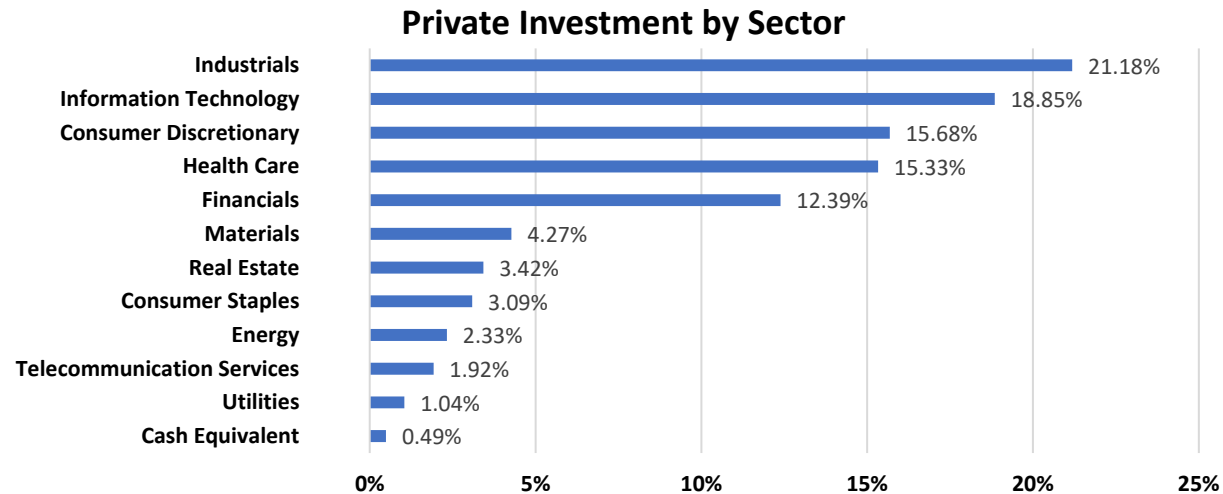
## Retirement Plans

## Characteristics



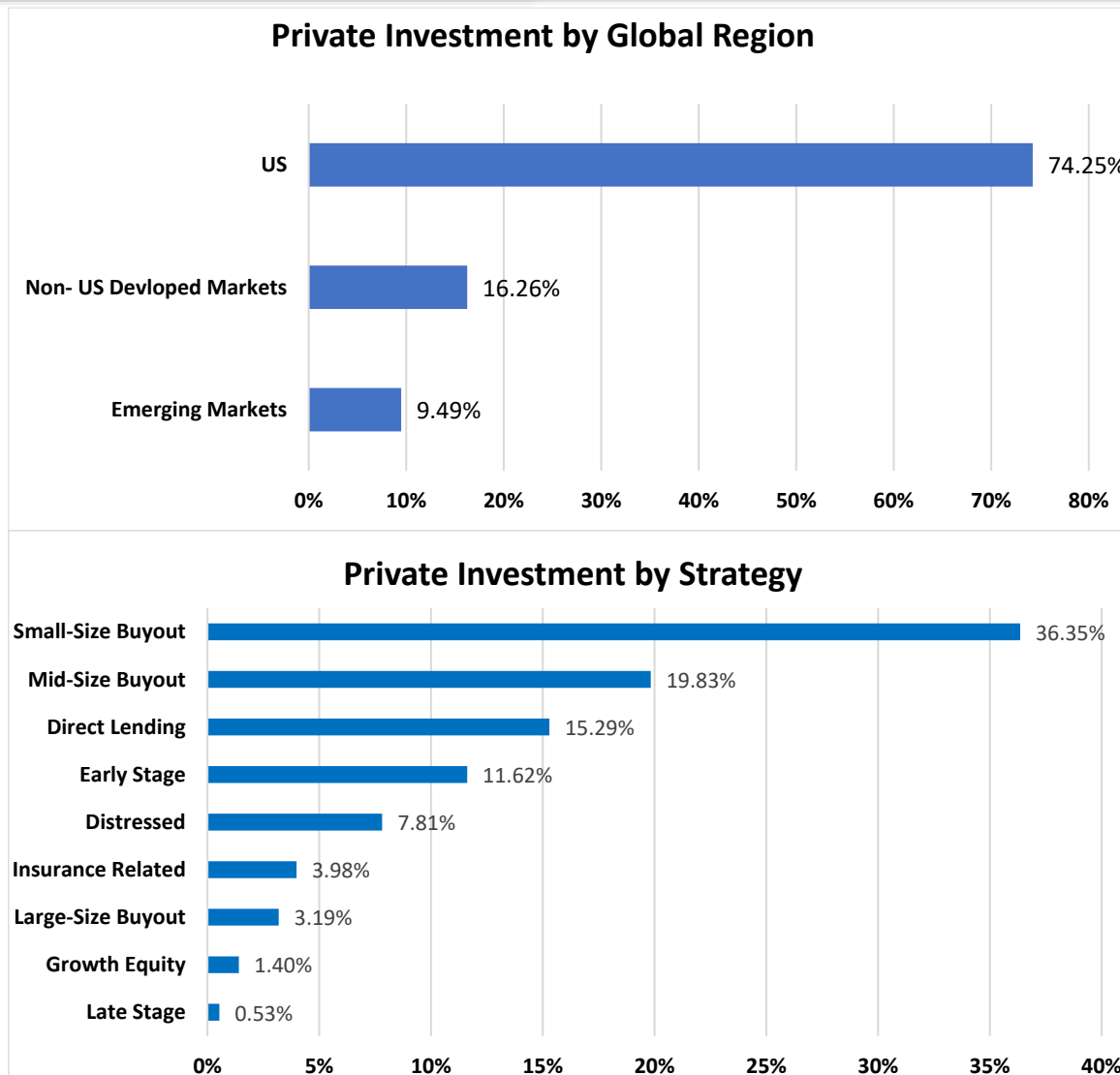






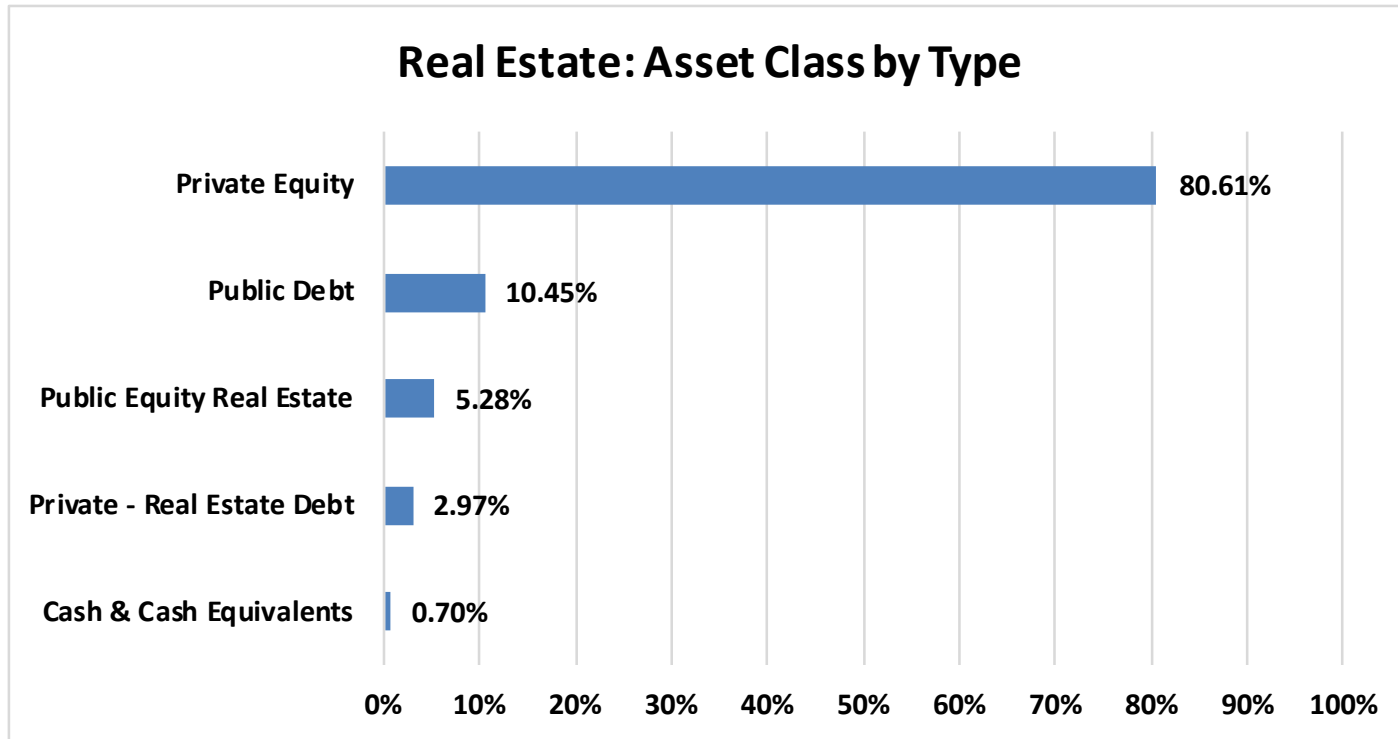
Note: Data reflects most recent GP-reported holdings as of 3/31/20

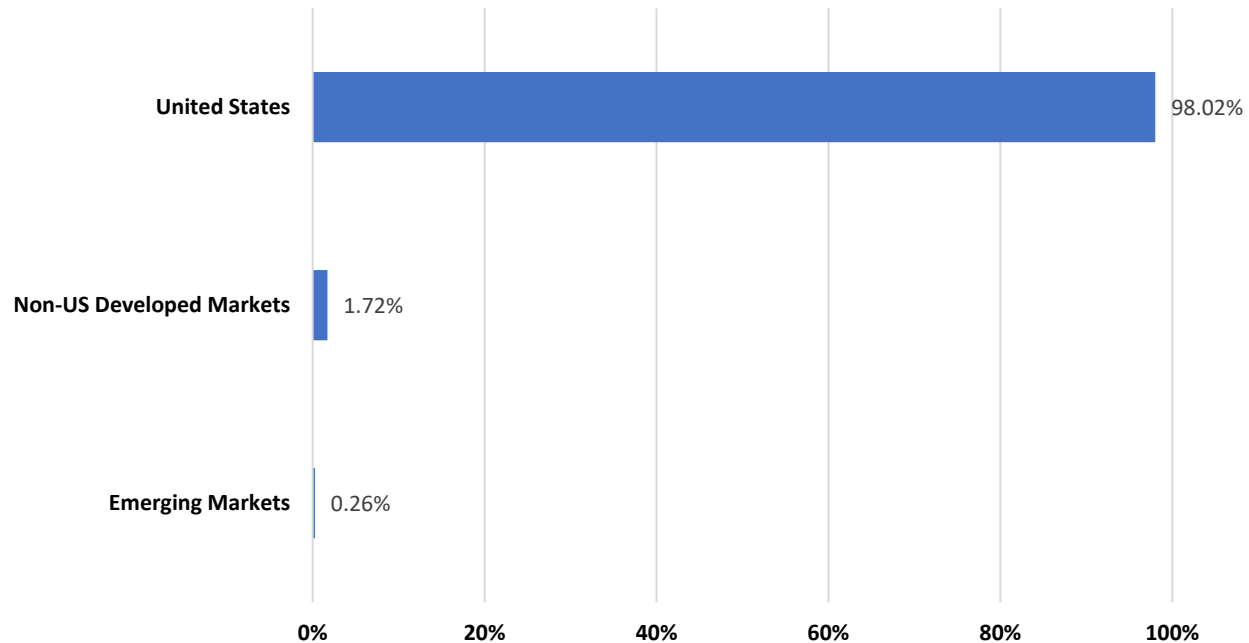
**June 30, 2020**



Note: Data reflects most recent GP-reported holdings as of 3/31/20

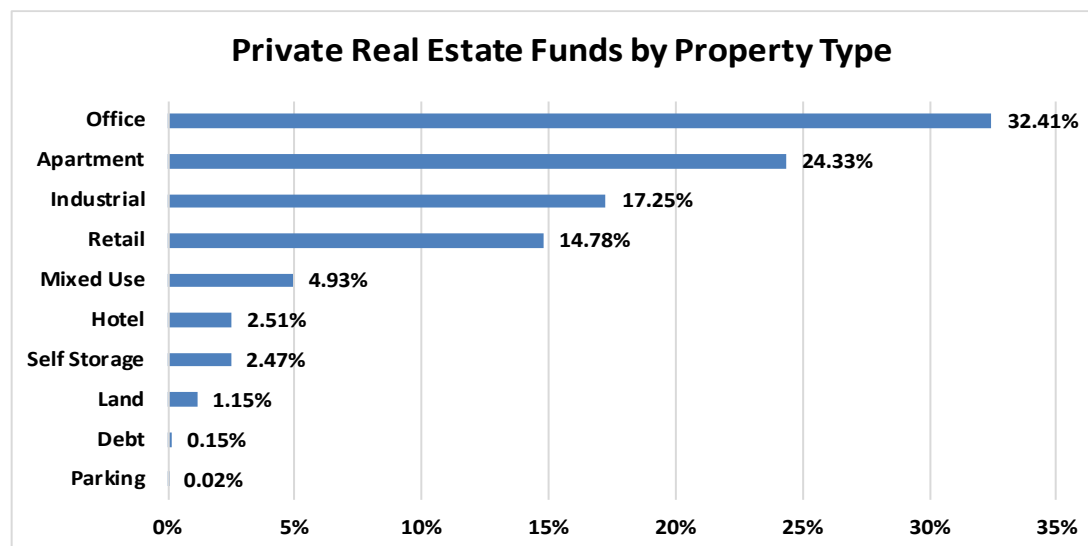
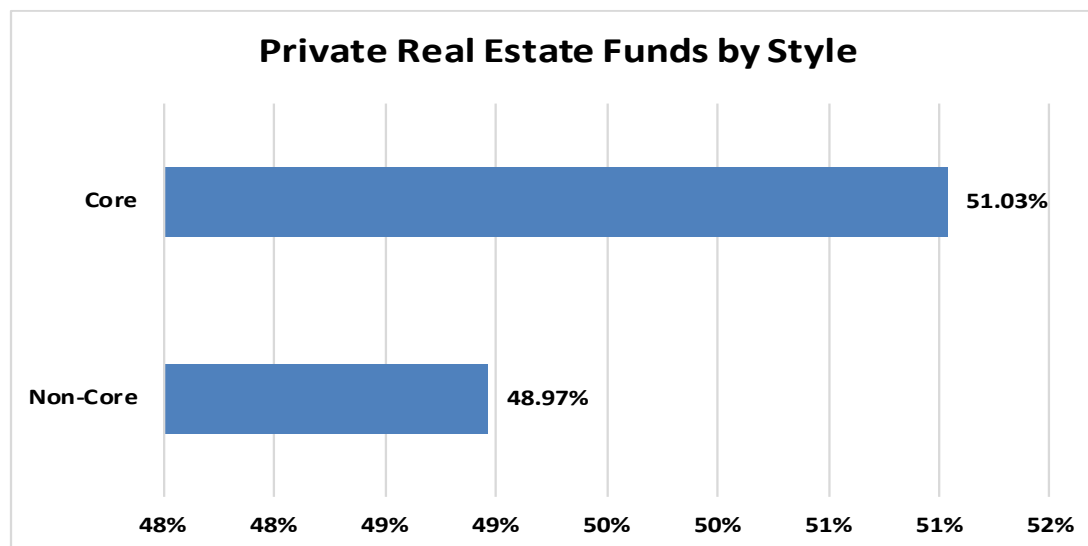
**June 30, 2020**



**Real Estate: Asset Class by Global Region**

Note: Data reflects most recent GP-reported holdings as of 3/31/20

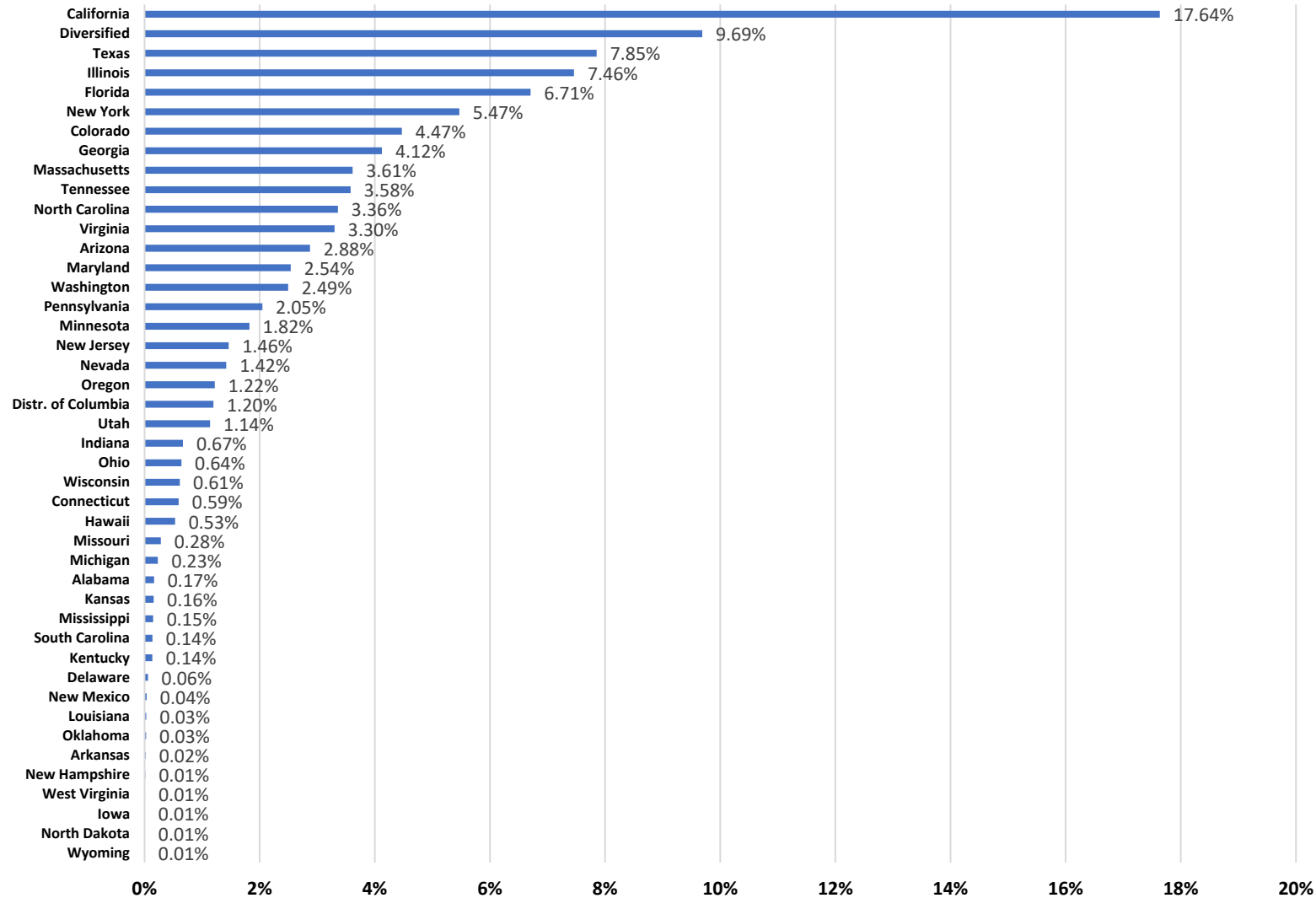
**June 30, 2020**



Note: Data reflects most recent GP-reported holdings as of 3/31/20

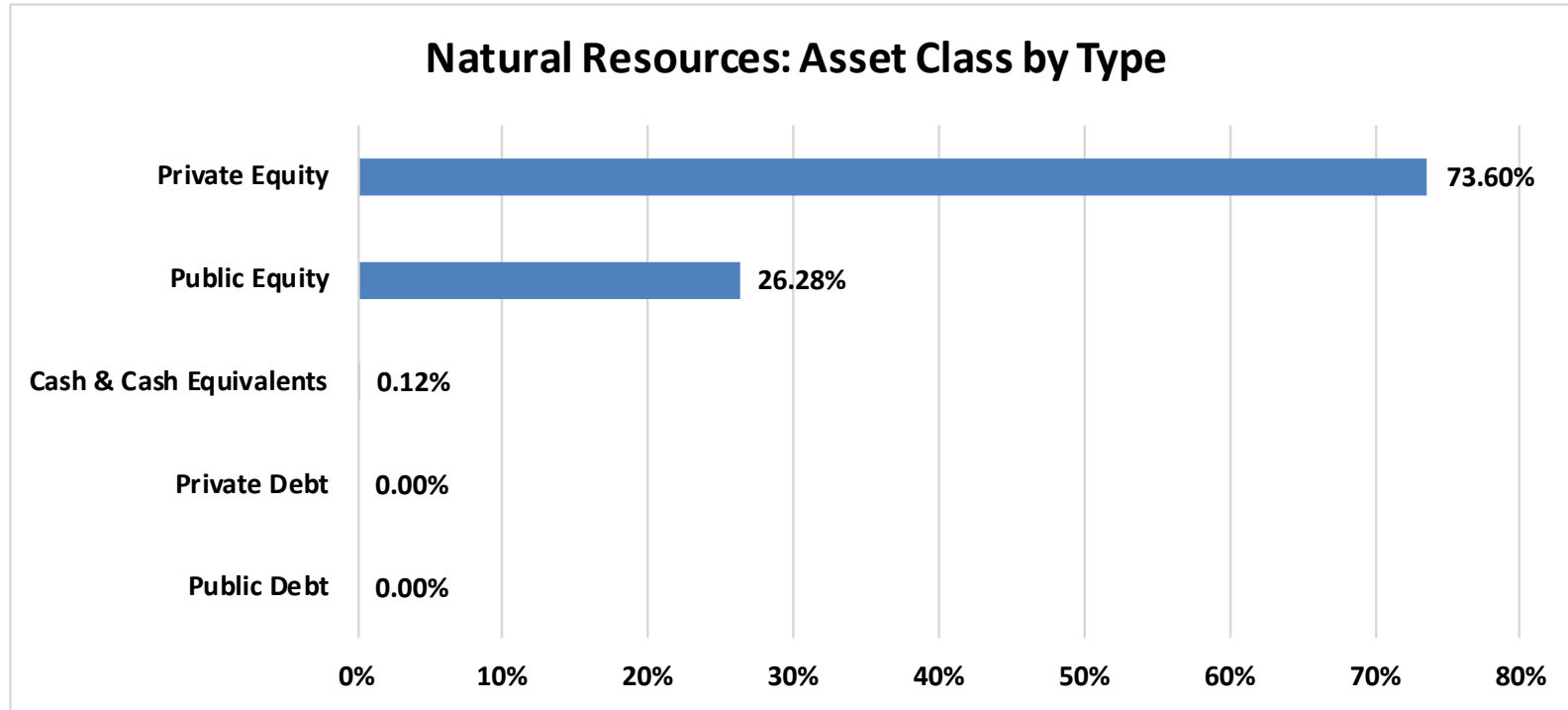
**June 30, 2020**

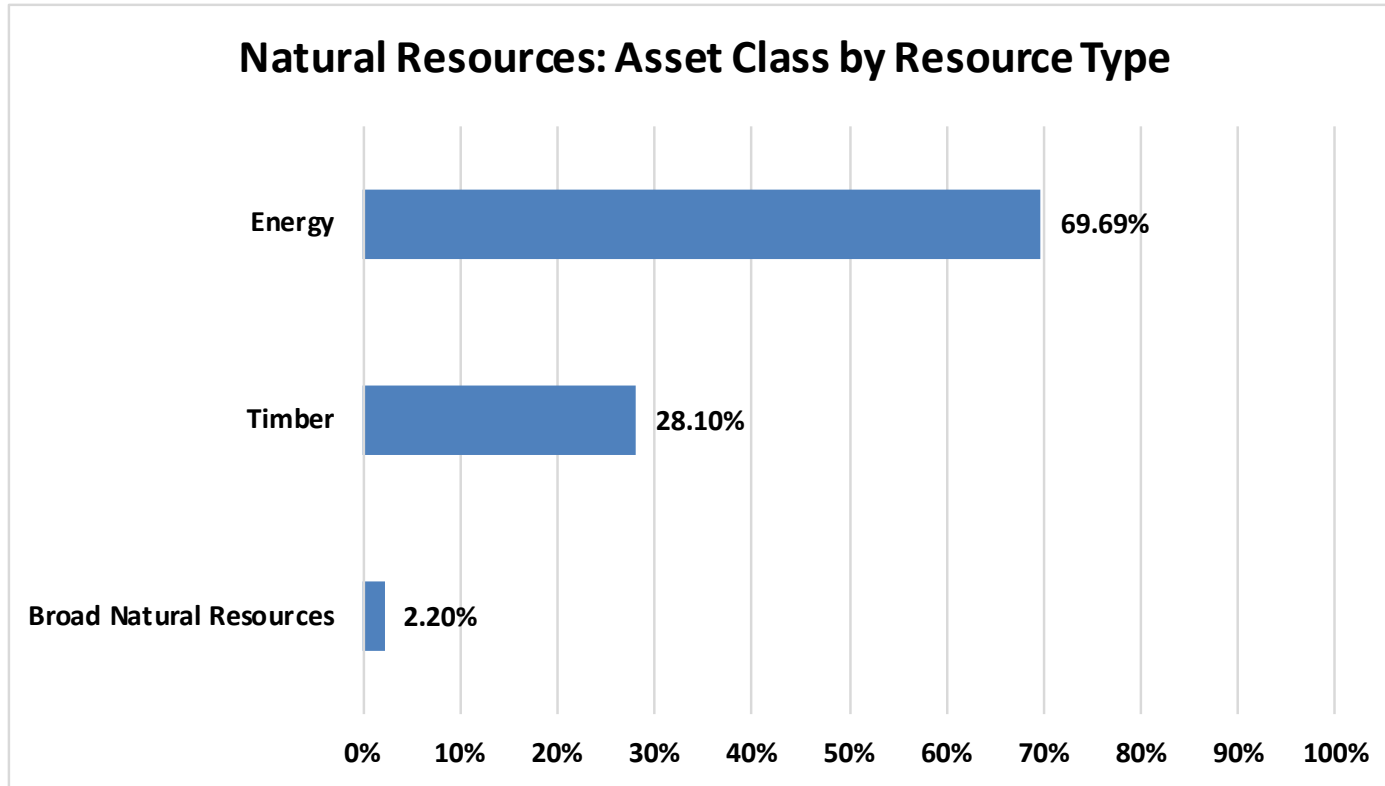
Private Real Estate Funds by U.S. State



Note: Data reflects most recent GP-reported holdings as of 3/31/20

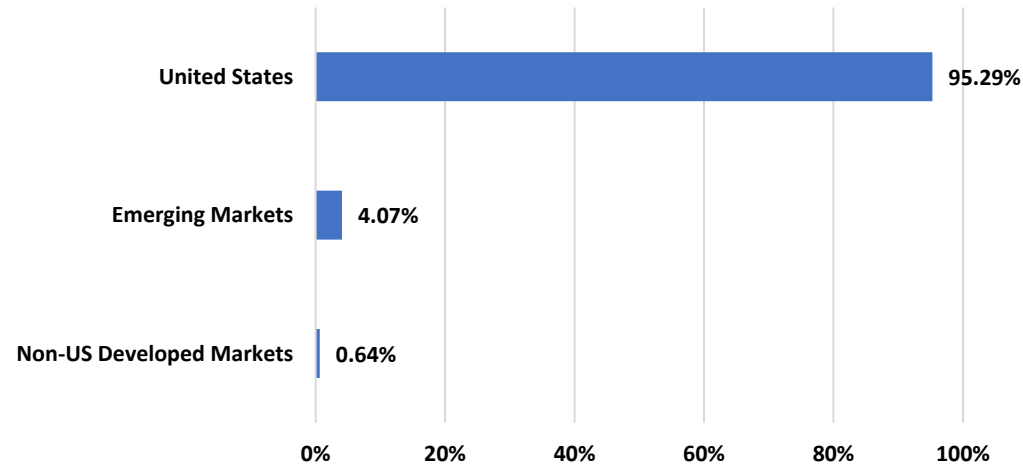
June 30, 2020



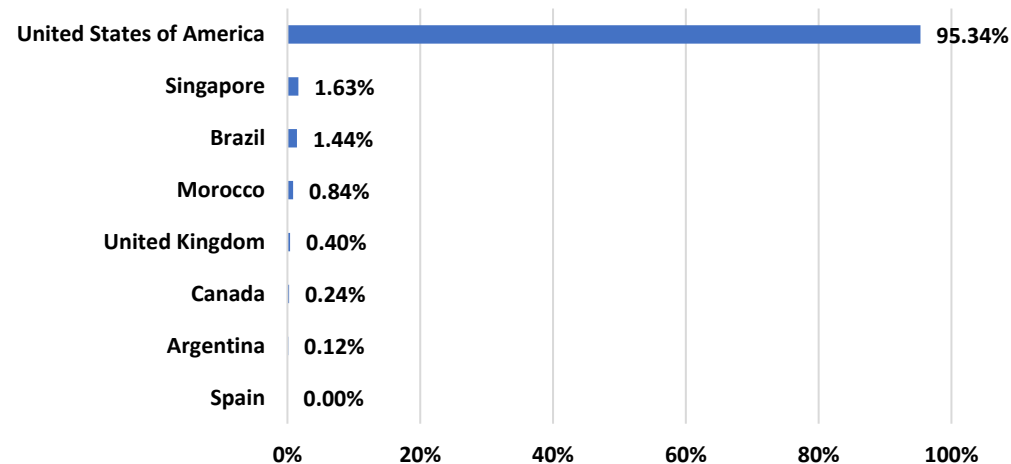




**Natural Resources: Asset Class by Global Regions**

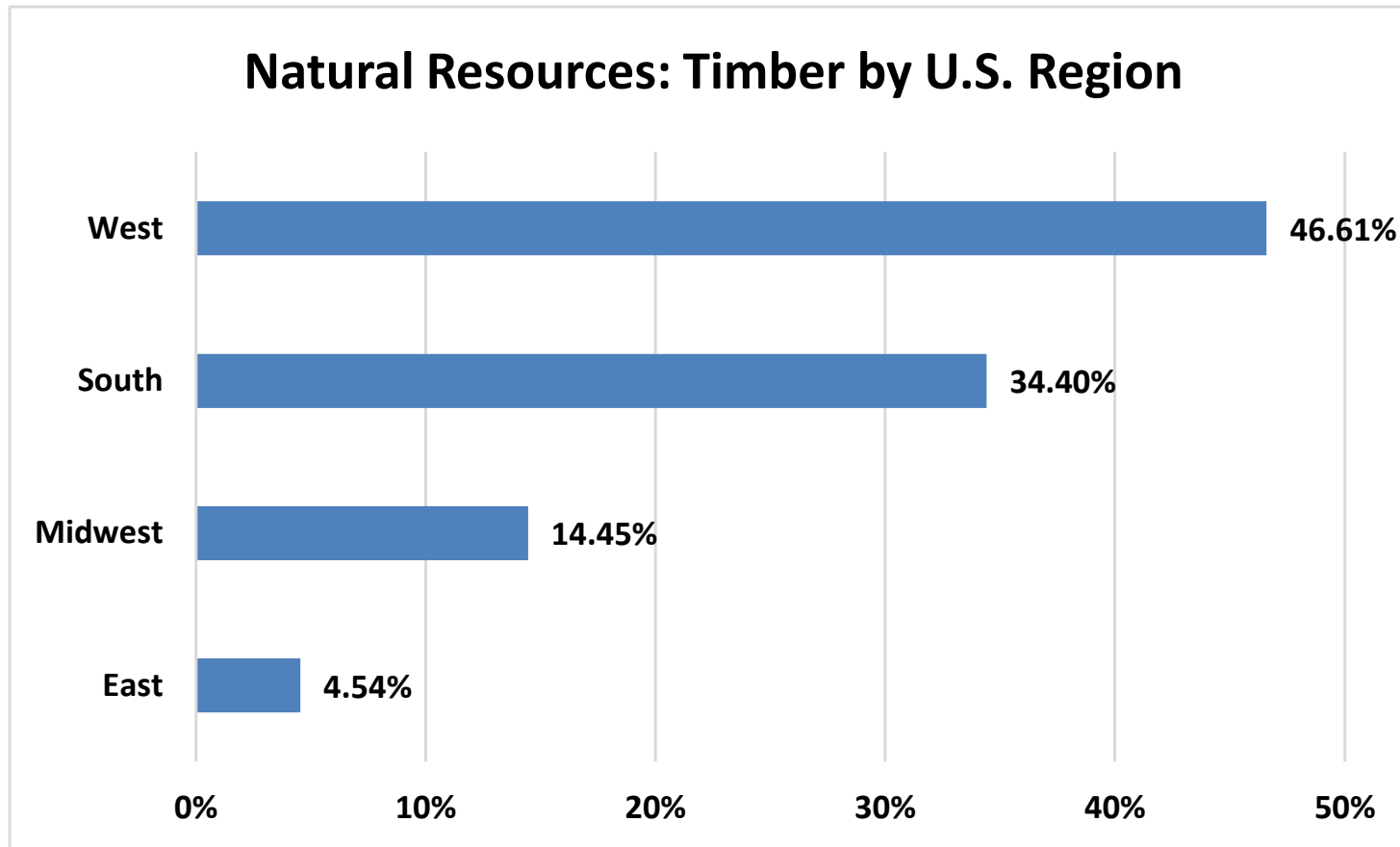


**Natural Resources: Asset Class by Country**



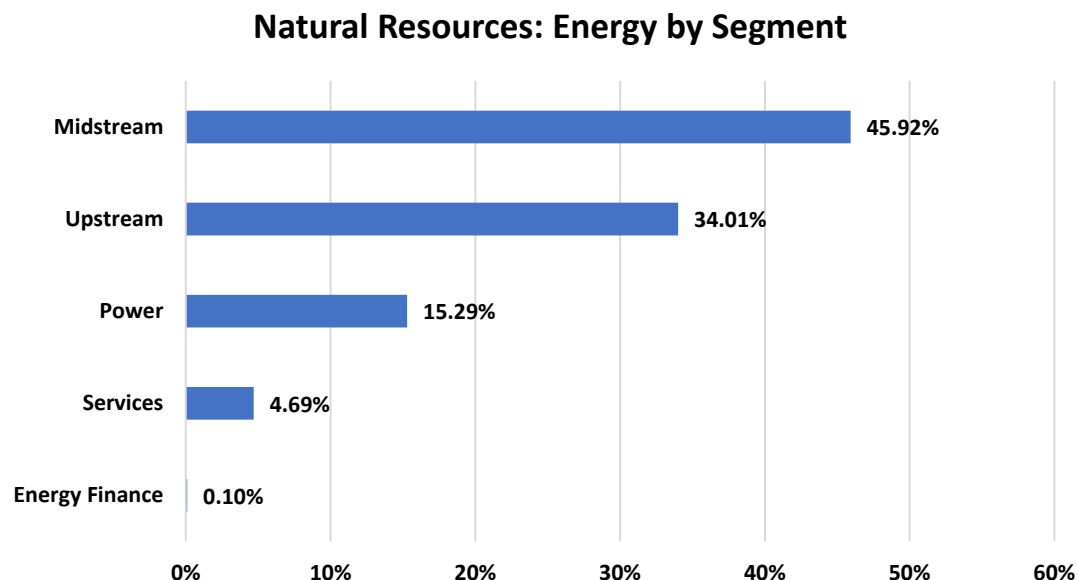
Note: Data reflects most recent GP-reported holdings as of 3/31/20

**June 30, 2020**



Note: Data reflects most recent GP-reported holdings as of 3/31/20

**June 30, 2020**



**Upstream** Exploration and production

**Services** Businesses that provide ancillary services and equipment required to explore for, produce and transport oil and gas

**Power** Generation plants that create power

**Midstream** Pipelines, terminals and storage of oil and gas and involves the transportation of oil and gas

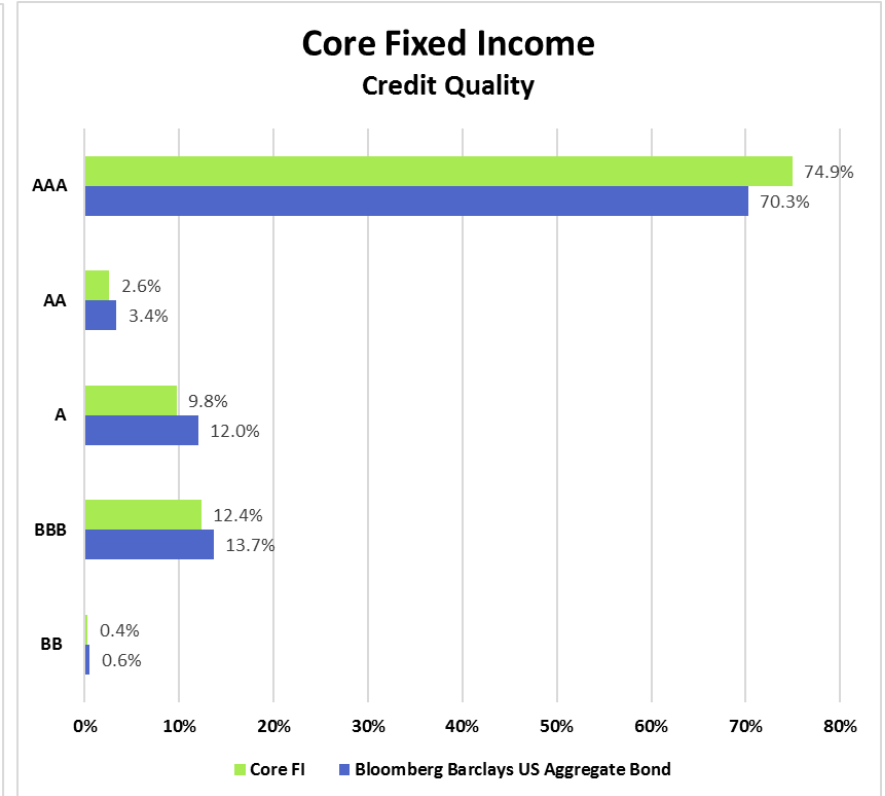
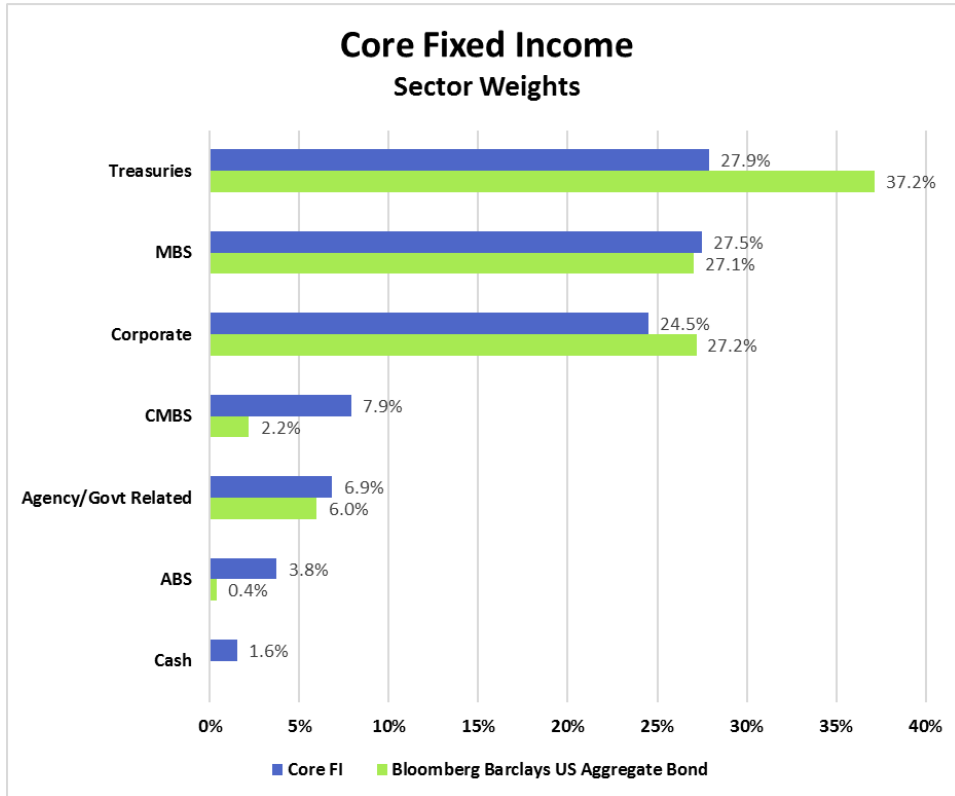
**Energy Finance** Investments in a portfolio of liquid or yield-orientated securities

Note: Data reflects most recent GP-reported holdings as of 3/31/20

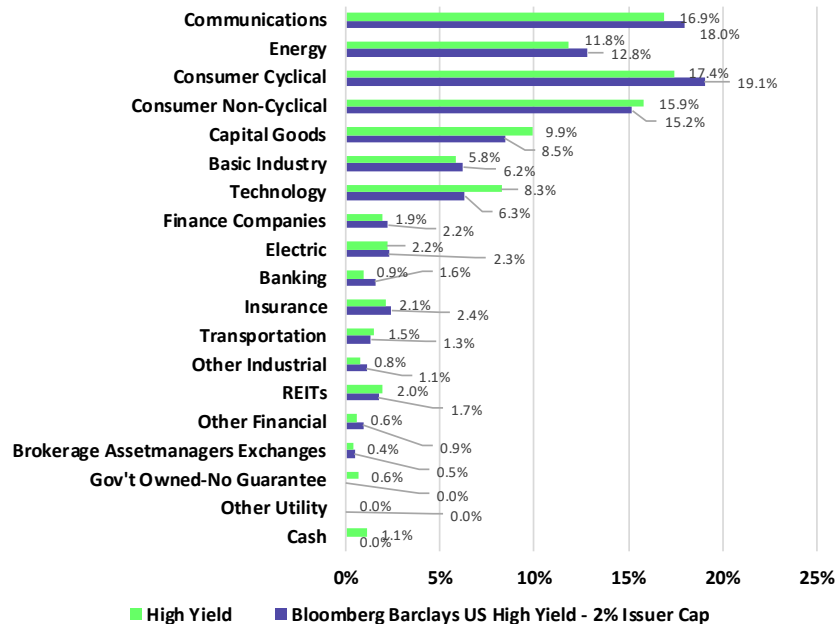
**June 30, 2020**

## Core Fixed Income

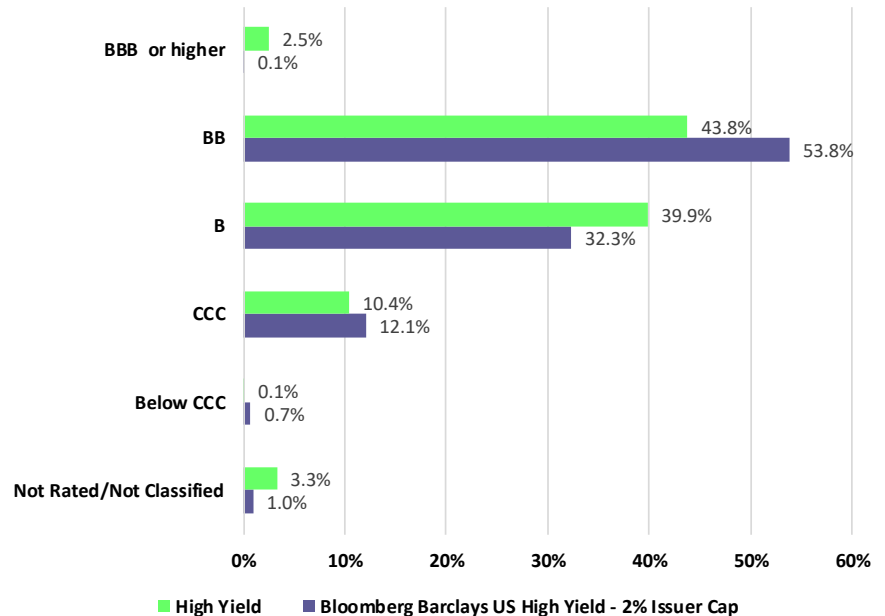
## Characteristics

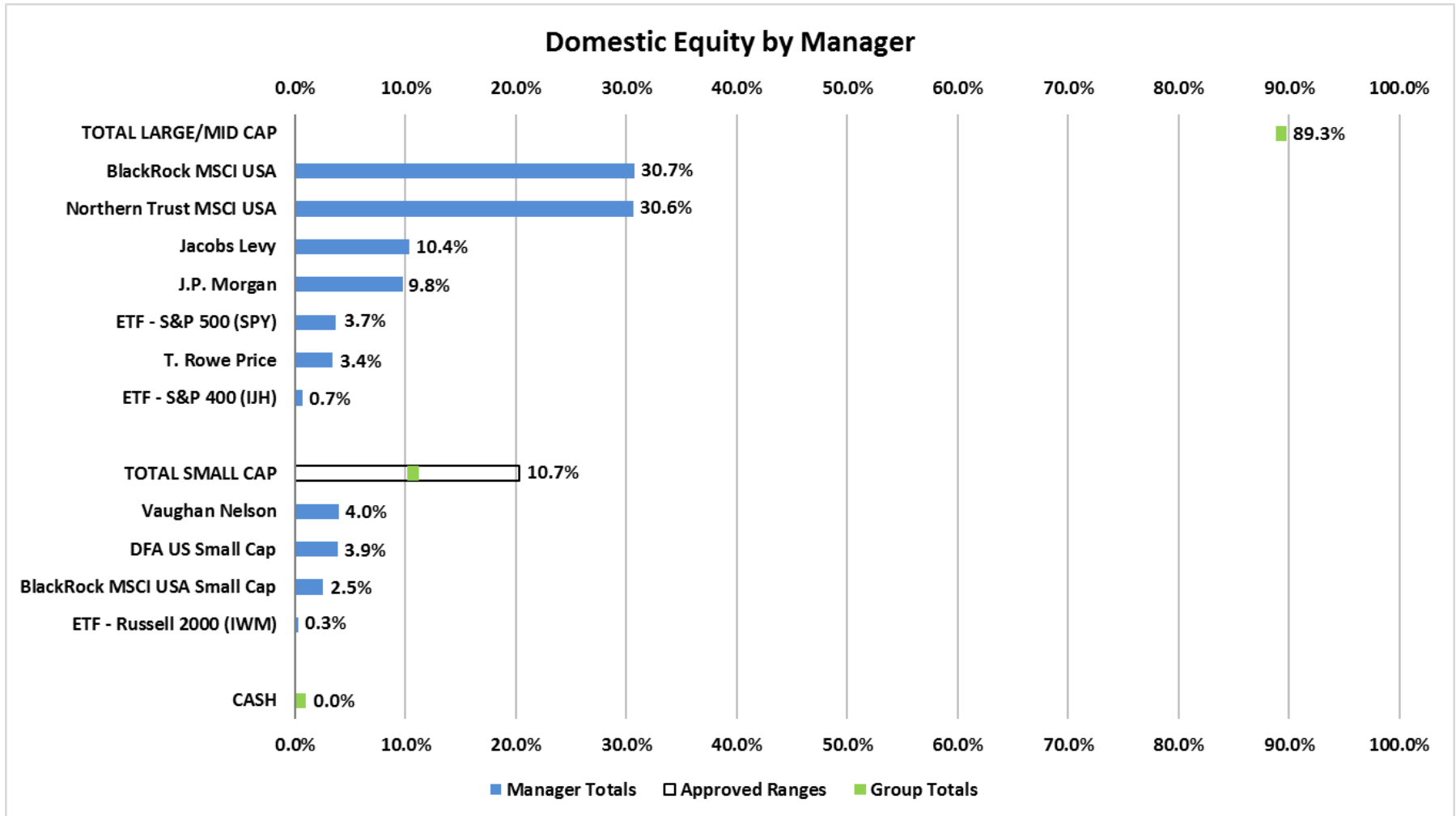


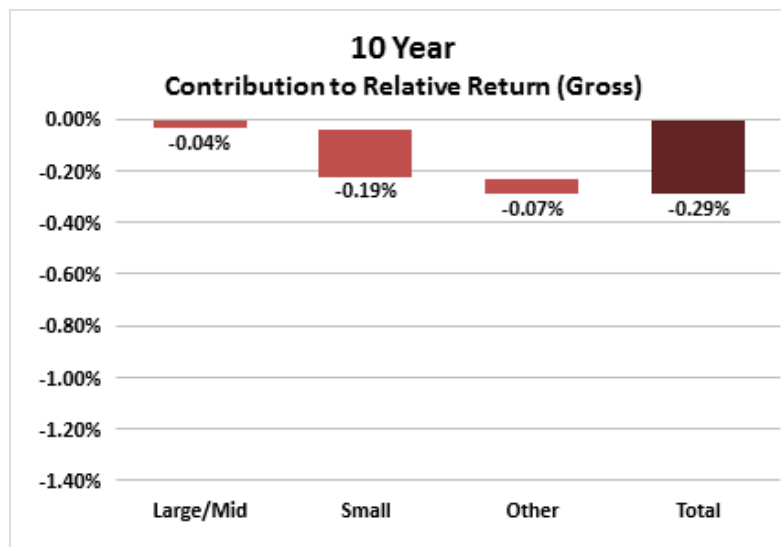
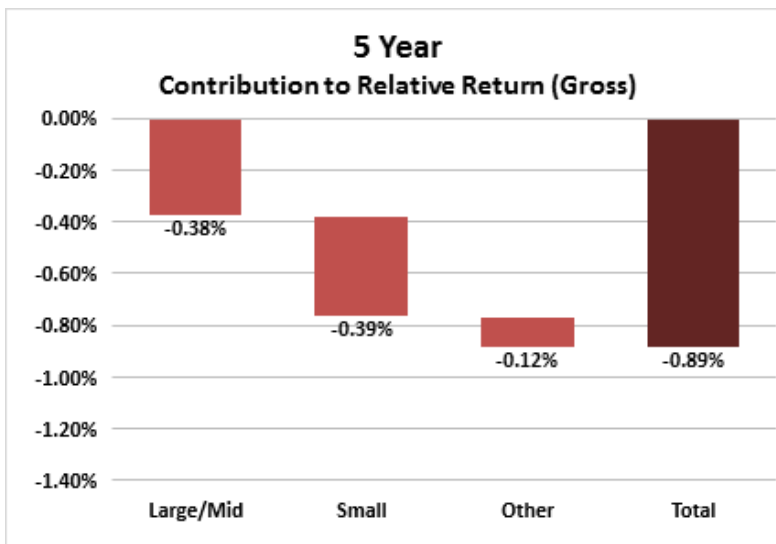
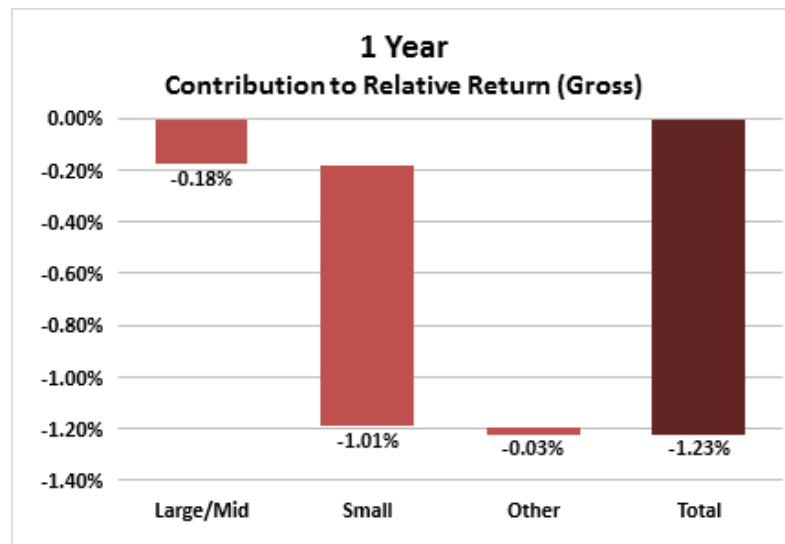
## Non-Core Fixed Income Sector Weights



## Non-Core Fixed Income Credit Quality

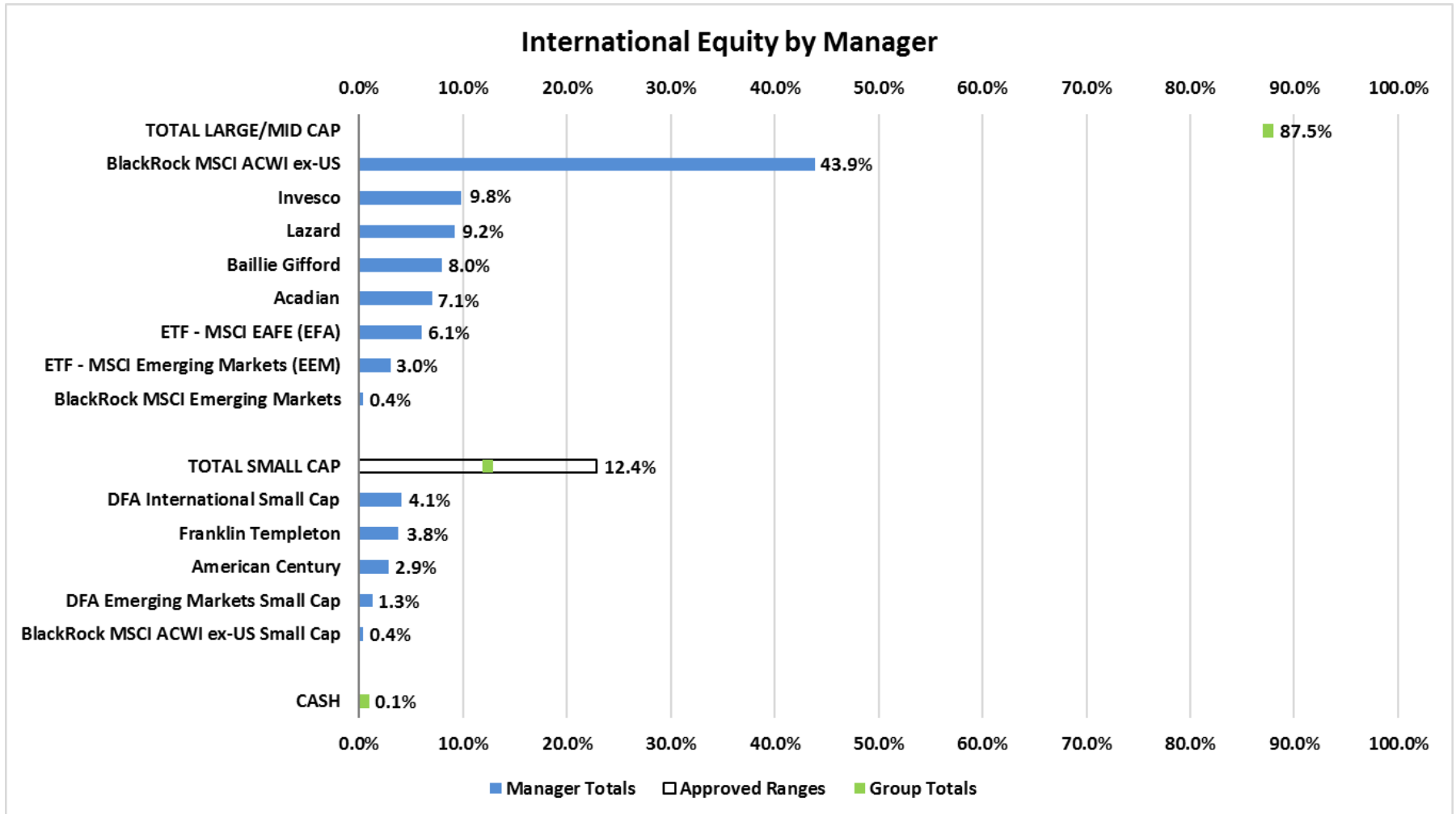




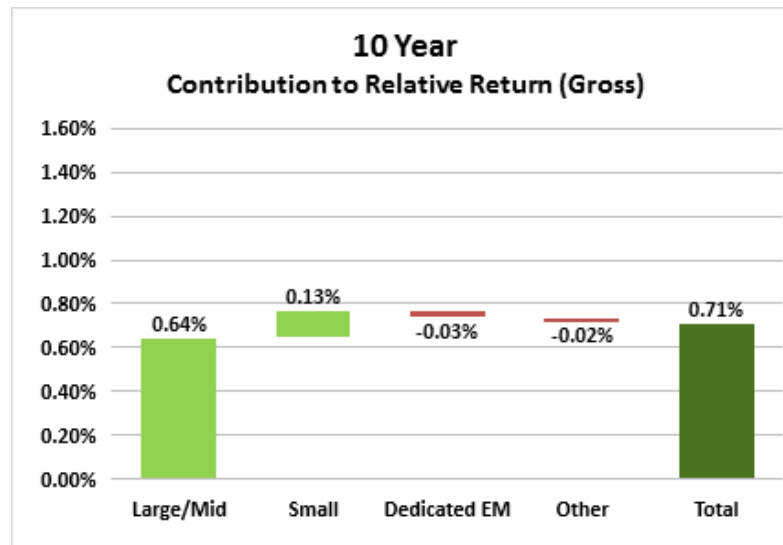
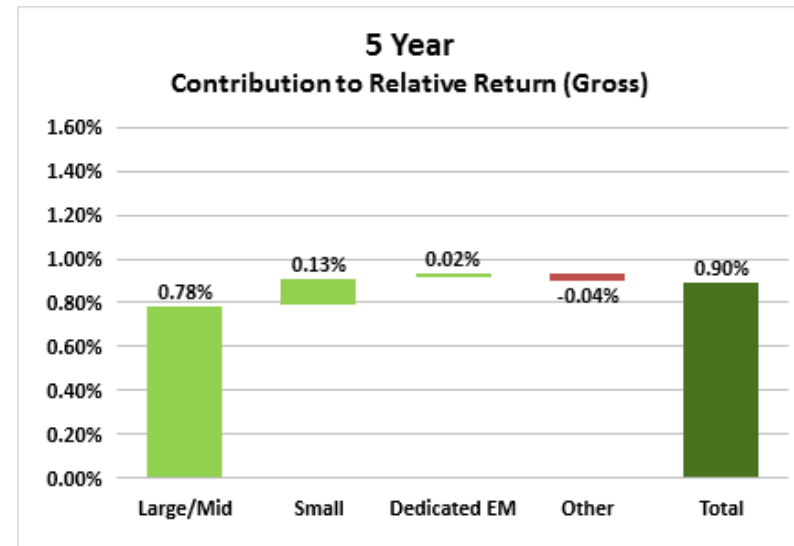
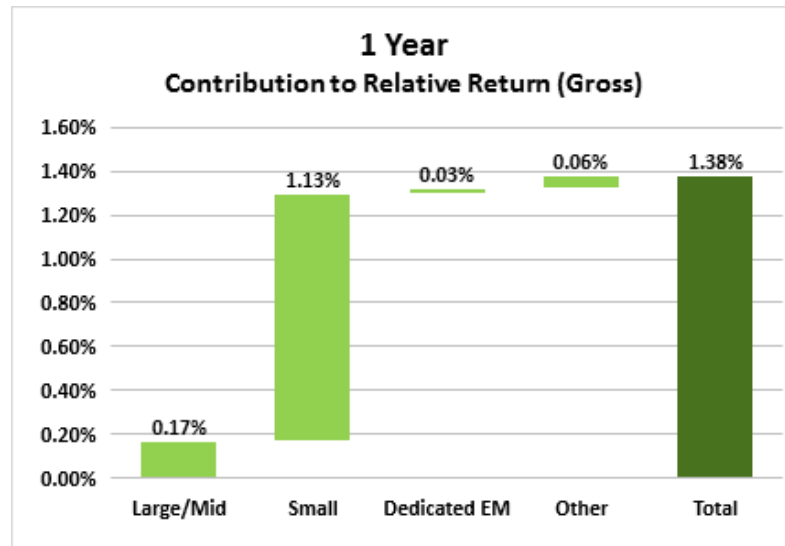


Benchmark: Domestic Equity – PAC Custom Blend

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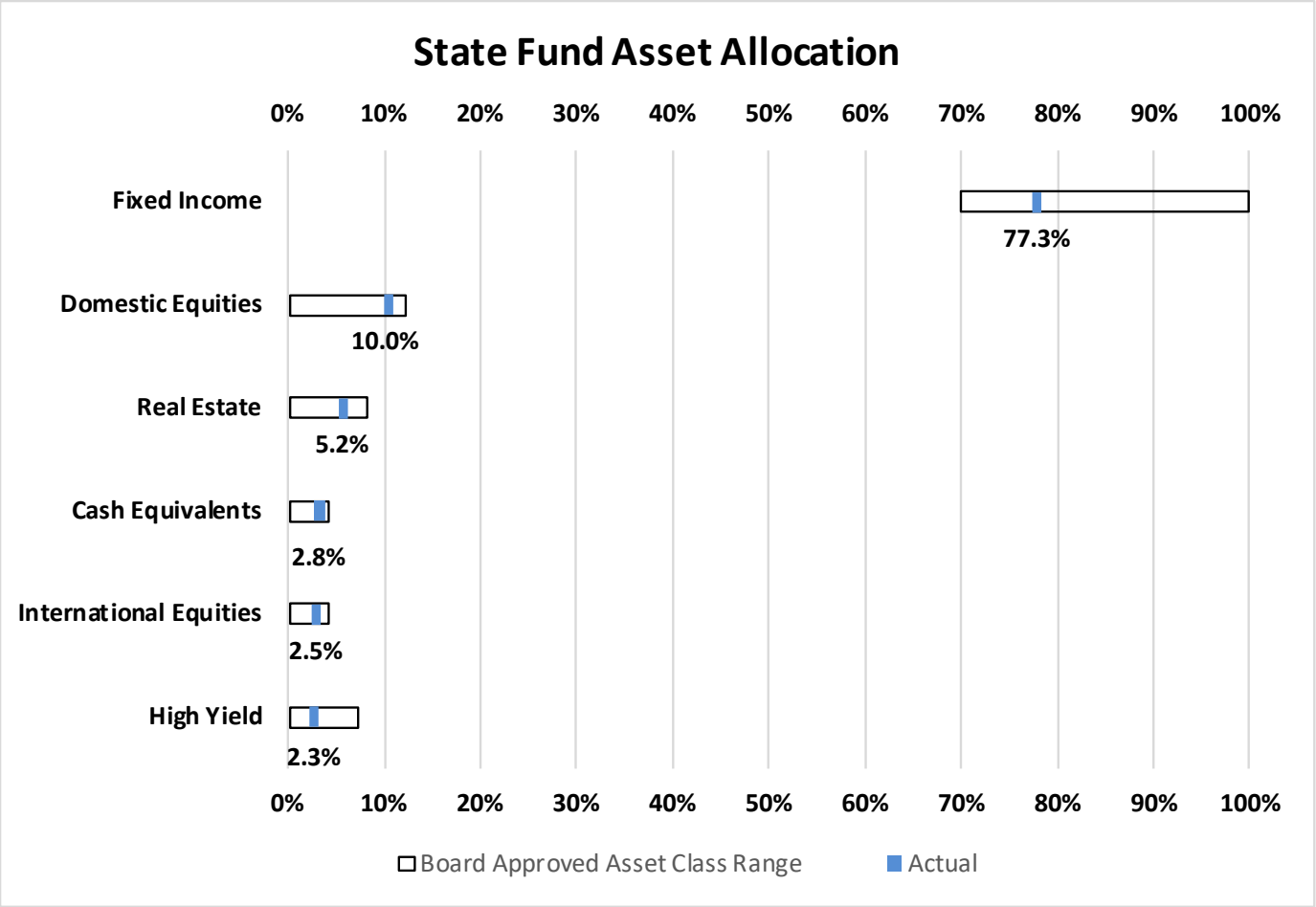


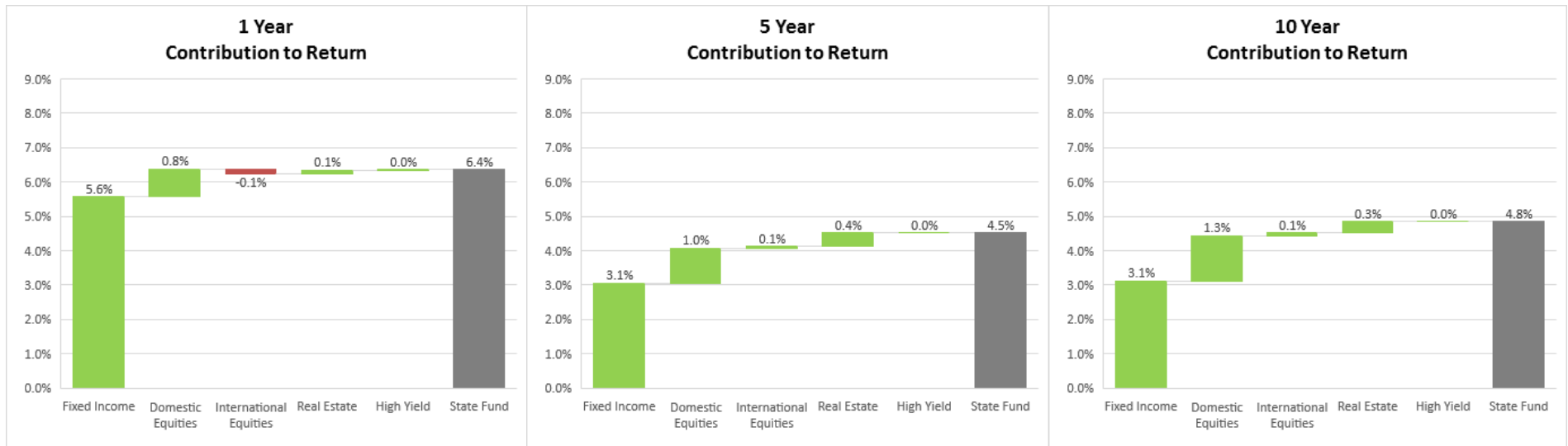


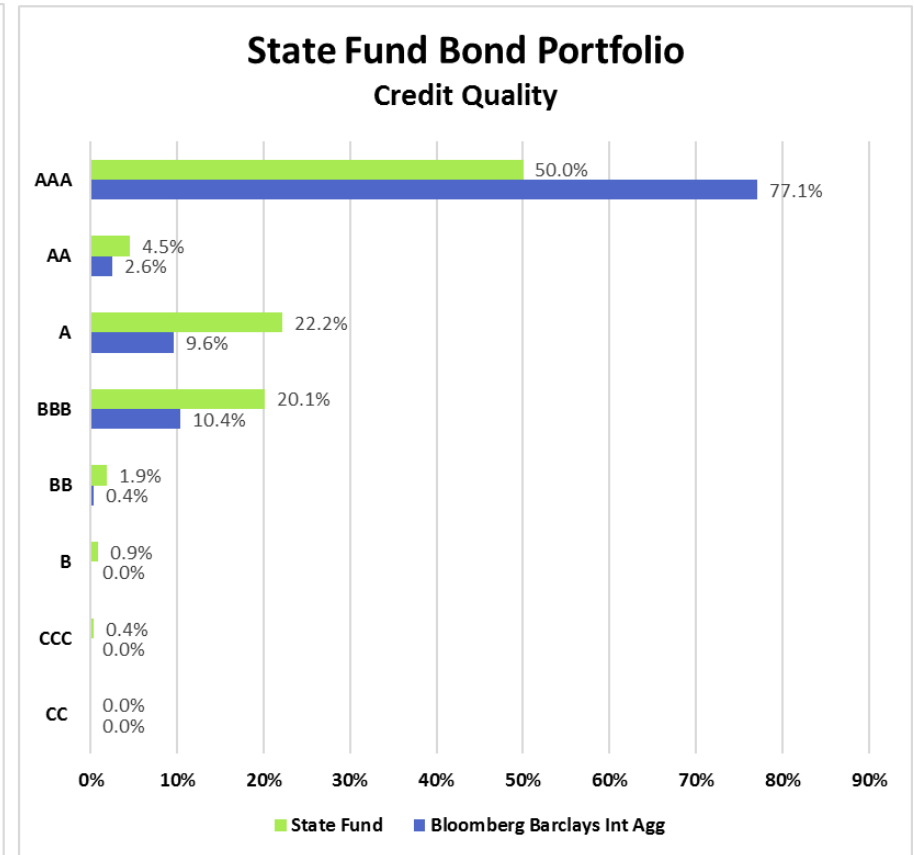
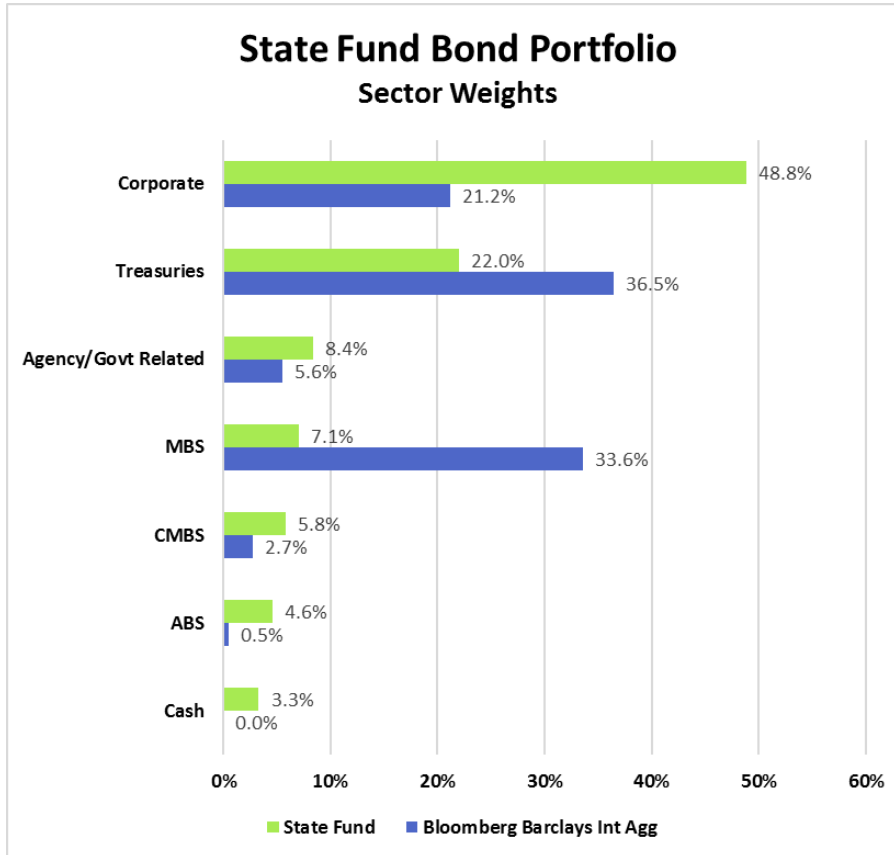


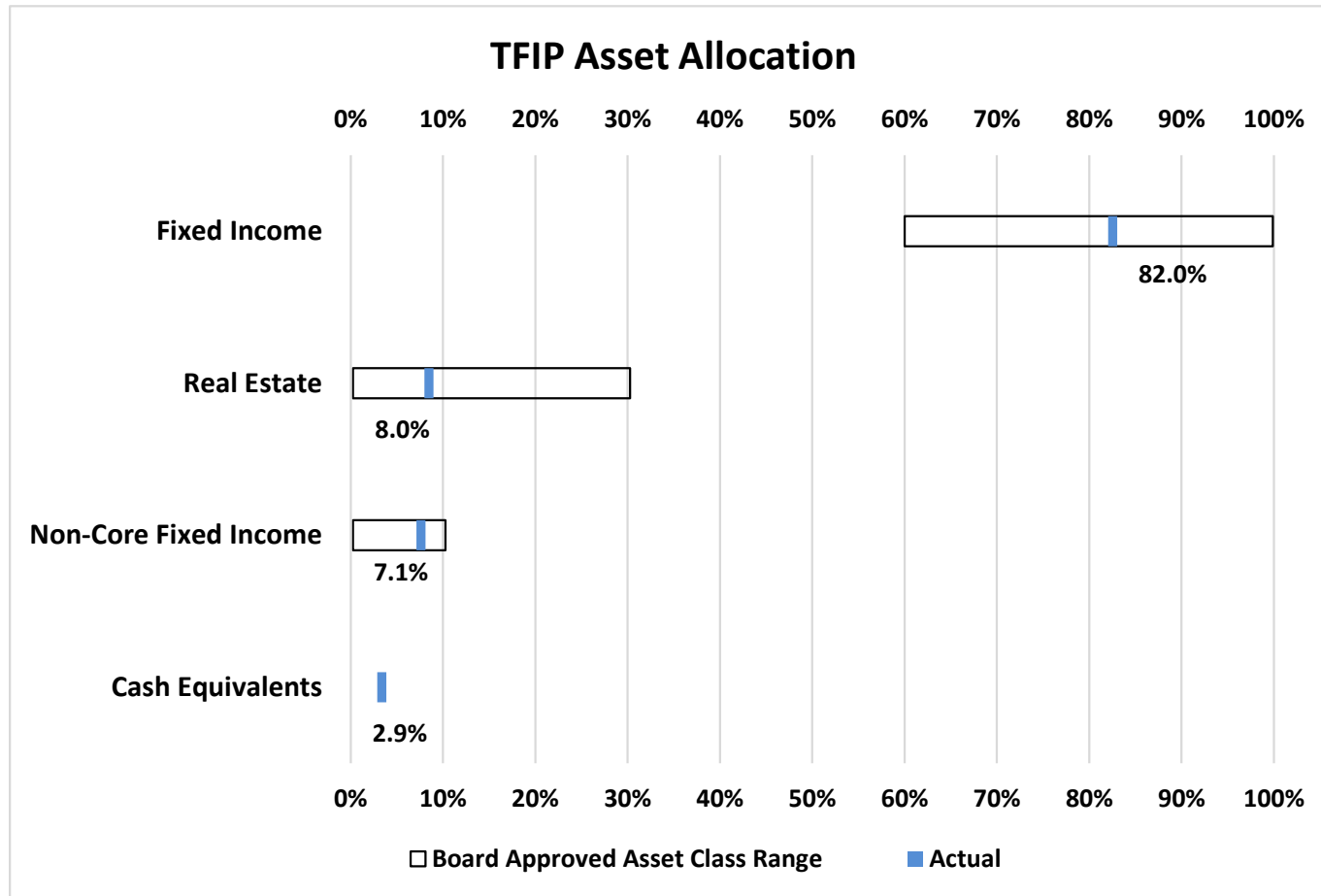
Benchmark: International Equity – PAC Custom Blend

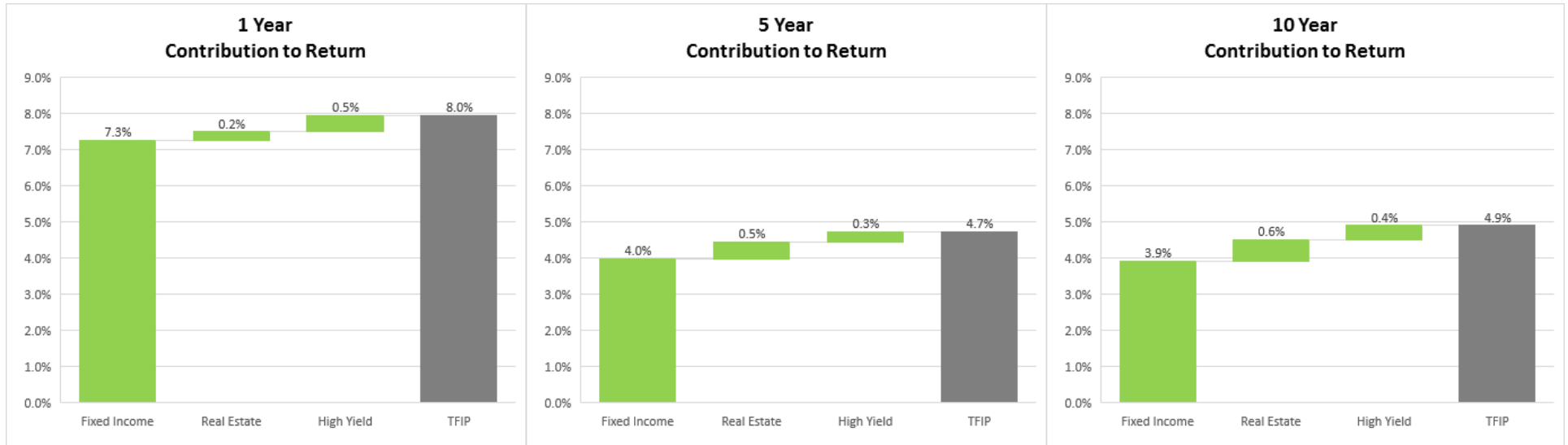
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# Trust Funds Investment Pool – Fixed Income Portfolio

## Characteristics

